

CHAPMAN AND CUTLER LLP

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July 14, 2005

We hereby certify that we have examined certified copy of the proceedings (the "Proceedings") of the Board of Education of Township High School District Number 215, Cook County, Illinois (the "District"), passed preliminary to the issue by the District of its fully registered General Obligation Bonds (Alternate Revenue Source), Series 2005 (the "Bonds"), to the amount of \$6,000,000, dated July 1, 2005, due on December 1 of the years and in the amounts and bearing interest as follows:

2006	\$100,000	4.000%
2007	210,000	4.000%
2008	220,000	4.125%
2009	225,000	4.125%
2010	235,000	4.125%
2011	245,000	4.500%
2012	255,000	4.500%
2013	270,000	4.500%
2014	280,000	4.500%
2015	295,000	4.000%
2016	305,000	4.000%
2017	320,000	4.000%
2018	330,000	4.000%
2019	345,000	4.000%
2020	355,000	4.000%
2021	370,000	4.100%
2022	385,000	4.125%
2023	400,000	4.125%
2025	855,000	4.300%

the Bonds due on December 1, 2025, being subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1, 2024, in the principal amount of \$420,000, and the Bonds due on or after December 1, 2015, being subject to redemption prior to maturity at the option of the District as a whole or in part in any order of their maturity as determined by the District (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on December 1, 2014, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the District, and is payable from (i) taxes, grants, state aid, interest earnings and other revenues received by the District and available to be expended for the improvement, maintenance, repair and benefit of school buildings and property and (ii) ad valorem property taxes levied against all taxable property in the District without limitation as to rate or amount, and all taxable property in the District is subject to the levy of such taxes to pay the same, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the District's compliance with certain covenants, under present law, interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "*Code*"), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such District covenants could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

It is also our opinion that the Bonds are "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the District with respect to certain material facts solely within the District's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

EPBartholomy/SAScinto:ddn

Chapman and Cutler LLP

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

ORGANIZATION CERTIFICATE

We, the undersigned, do hereby certify that we are the duly qualified and acting President and Secretary, respectively, of the Board of Education (the "Board") of Township High School District Number 215, Cook County, Illinois (the "District"), and as such officials we do further certify as follows:

1. That the District was organized in the year 1924, has continuously since its organization operated under the general laws of the State of Illinois providing for the establishment, operation and maintenance of public schools, is now operating under the provisions of the School Code of the State of Illinois, as amended (105 ILCS 5/1-1 *et seq.*), and is not now operating under the provisions of any special Act or charter.

2. That the present duly qualified and acting officials of the District are as follows:

Kathleen Manno, President, Board of Education

Debbie Waitekus, Vice-President, Board of Education

Charles Maricich, Member, Board of Education

Marcia Pavich, Member, Board of Education

Henry Schneider, Member, Board of Education

Natalie Owen, Member, Board of Education

Karen Walker-Kehl, Member, Board of Education

Karen Walker-Kehl, Secretary, Board of Education

Thomas P. Stefaniak, School Treasurer

and that said members of the Board have been the duly qualified and acting Board since April 26, 2005, and provided there are no vacancies created by resignation or otherwise, will constitute the Board until the election for members of the Board to be held on April 17, 2007, is canvassed and a new Board duly constituted.

3. That the changes in the boundaries of the District since January 21, 2003, were as follows: None

(Attach copy of the orders providing for all such changes. If no changes have occurred, please so indicate with the word "none".)

4. That the only cities, villages or incorporated towns located wholly or partly within the District are as follows: Burnham, Calumet City, Lansing and Lynwood, and that none of said cities, villages or incorporated towns have adopted and are now operating under the provisions of Articles 6, 14 and 18 of the Election Code of the State of Illinois, as amended (10 ILCS 5/6, 5/14 and 5/18), said articles being known as the City Election Law.

5. That The County of Cook, Illinois, is the only county within which the District is wholly or partly located, and that said county has not adopted and is not now operating under the provisions of Article 6A of the Election Code of the State of Illinois, as amended (10 ILCS 5/6A), said article providing for a county board of election commissioners.

6. That the only townships located wholly or partly within the District are as follows: Thornton-Fractional, that the duly qualified and acting Thornton-Fractional, Township School Treasurer of Township No. 36, Range No. 15, Cook County, Illinois, receives the taxes of the District and is the lawful custodian of all school funds of the District, and that all or a greater part of the District is located within said Township and Range.

7. That since the year 1989, all of the District has been located in a county of 3,000,000 or more inhabitants.

8. That the *Daily Southtown* is a local, community newspaper with a general circulation in the District.

9. That all of the news media that have filed a request for notice of the meetings of the Board pursuant to the Open Meetings Act of the State of Illinois, as amended (5 ILCS 120/1 *et seq.*), are as follows:

The Star, Hammond Times, Daily Southtown,

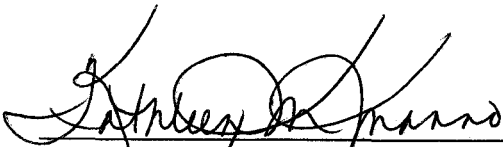
(If no requests have been made, please so indicate with the word "none".)

10. That the regular meetings of the Board are held on the 4th Tuesday of each month at 7:00 o'clock P.M., at 1601 Wentworth, Calumet City, Illinois, within the District, that the Board has given public notice of said schedule of regular meetings stating the regular dates, times and places of said meetings at the beginning of each calendar or fiscal year by posting a copy of said public notice at the principal office of the Board and by supplying copies of said public notice to

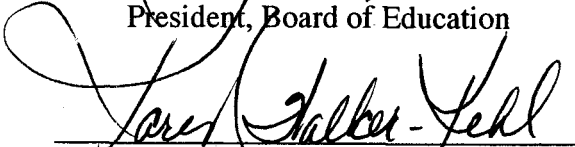
all of the newspapers, radio or television stations and other news media that have filed a request for such notice, and that the Board has made said schedule available to the public.

11. That the District is now maintaining and operating a school system composed of grades 9 to 12, inclusive, such school system meeting and complying in all respects with all of the standards established for recognition by the State Board of Education of the State of Illinois.
12. That the District does not have an official corporate seal.
13. That the District has an estimated population of 60,779, and that there are approximately 30,915 legal voters in the District.
14. That no petition has been filed or is now pending affecting in any manner whatsoever the boundaries or the corporate existence of the District.
15. That there is no litigation or controversy pending or threatened and there are no tax objections pending or threatened questioning or affecting in any manner whatsoever the corporate existence of the District, the boundaries thereof, the right of the District to levy taxes for school purposes or the title of any of its present officials to their respective offices.

IN WITNESS WHEREOF, we hereunto affix our official signatures, this 28th day of June, 2005.



President, Board of Education



Secretary, Board of Education

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

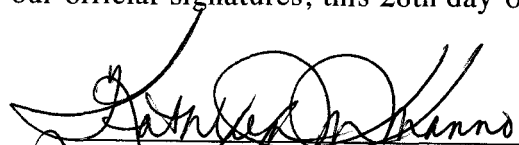
MEMBERSHIP CERTIFICATE

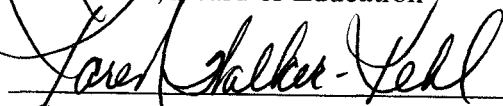
We, the undersigned, do hereby certify that we are the duly qualified and acting President and Secretary, respectively, of the Board of Education of Township High School District Number 215, Cook County, Illinois (the "District"), and as such officials we do further certify that continuously during the period beginning on April 8, 2003, and ending on April 26, 2005, the duly qualified and acting officials of the District were as follows:

Manno _____, President, Board of Education
Waitekus _____, Vice-President, Board of Education
Garritano _____, Member, Board of Education
Holba _____, Member, Board of Education
Pavich _____, Member, Board of Education
Schneider _____, Member, Board of Education
_____, Member, Board of Education
Walker-kehl _____, Secretary, Board of Education
Tom Stefaniak _____, School Treasurer

and that no litigation or controversy was ever or is now pending or threatened questioning or affecting in any manner whatsoever the title of any of said officials to their respective offices.

IN WITNESS WHEREOF, we hereunto affix our official signatures, this 28th day of June, 2005.



President, Board of Education


Secretary, Board of Education

MINUTES of a regular public meeting of the Board of Education of Township High School District Number 215, Cook County, Illinois, held in the Science and Technology Center at the Community Room, 1605 Wentworth Avenue, Calumet City, Illinois, in said School District at 7:00 o'clock P.M., on the 28th day of September, 2004.

* * *

The President called the meeting to order and directed the Secretary to call the roll.

Upon roll call, Kathy Manno, the President, and the following members at said meeting answered present: Waitekus, Garritano, Holba, Pavich,
Schneider, Walner-kehl.

The following members were absent from the meeting: NONE

The President announced that in view of the need to finance the cost of necessary improvements to the existing facilities of the District, the Board of Education would consider the adoption of a resolution authorizing the issuance of general obligation alternate bonds and directing the publication of a notice setting forth the determination of the Board to issue such bonds.

Whereupon Member Garritano presented the following resolution copies of which were made available to all in attendance at said meeting who requested a copy:

**NOTICE OF INTENT TO ISSUE BONDS
AND RIGHT TO FILE PETITION**

Notice is hereby given that pursuant to a resolution adopted on the 28th day of September, 2004 (the "*Resolution*"), Township High School District Number 215, Cook County, Illinois (the "*District*"), intends to issue general obligation alternate bonds (the "*Bonds*") in an aggregate principal amount not to exceed \$6,000,000 for the purpose of paying the cost of altering, repairing and equipping the Thornton Fractional North and South High School Buildings. The revenue source that will be pledged to the payment of the principal of and interest on the Bonds will be taxes, grants, state aid, interest earnings and other revenues received by the District and available to be expended for the improvement, maintenance, repair and benefit of school buildings and property. The District will also levy ad valorem property taxes upon all taxable property in the District without limitation as to rate or amount to pay the principal of and interest on the Bonds. A complete copy of the Resolution follows this notice.

Notice is hereby further given that if a petition signed by 2,318 or more electors of the District (the same being equal to the greater of (i) 7.5% of the registered voters in the District or (ii) 200 of those registered voters or 15% of those registered voters whichever is less) is submitted to the Secretary of the Board of Education of the District (the "*Secretary*") within thirty (30) days after the date of publication of this notice and the Resolution, an election on the proposition to issue the Bonds shall be held on the 22nd day of February, 2005, unless voters in the District are not scheduled to cast votes for any candidates for nomination for, election to or retention in public office at said election in which case an election on the proposition to issue the Bonds shall be held on the 5th day of April, 2005. The Circuit Court may declare that an emergency referendum should be held prior to either of said election dates pursuant to the provisions of Section 2A-1.4 of the Election Code of the State of Illinois, as amended. If no such petition is filed with the Secretary within said 30-day period, the Bonds shall be authorized to be issued.

By order of the Board of Education of the District.

DATED this 28th day of September, 2004.

Karen Walker-Khel
Secretary, Board of Education,
Township High School District
Number 215, Cook County, Illinois

RESOLUTION authorizing the issuance of general obligation alternate bonds of Township High School District Number 215, Cook County, Illinois, in an aggregate principal amount not to exceed \$6,000,000, pursuant to the Local Government Debt Reform Act of the State of Illinois, as amended.

* * *

WHEREAS, Township High School District Number 215, Cook County, Illinois (the "*District*"), is a duly organized and existing school district created under the provisions of the laws of the State of Illinois, and is now operating under the provisions of the School Code of the State of Illinois, as amended; and

WHEREAS, the Board of Education of the District (the "*Board*"), has considered the existing school facilities and the improvements and extensions necessary to be made thereto in order that the same will adequately serve the educational needs of the District; and

WHEREAS, the Board has determined that it is advisable, necessary and in the best interests of the District to alter, repair and equip the Thornton Fractional North and South High School Buildings (the "*Project*"), all in accordance with the preliminary estimate of costs heretofore approved by the Board and now on file in the office of the Secretary of the Board; and

WHEREAS, the estimated cost of the Project, including legal, financial, bond discount, capitalized interest, printing and publication costs and other expenses, is not less than \$6,000,000, and there are insufficient funds on hand and lawfully available to pay such costs; and

WHEREAS, such costs are expected to be paid for from the proceeds of alternate bonds authorized to be issued at this time pursuant to the Local Government Debt Reform Act of the State of Illinois, as amended (the "*Act*"); and

WHEREAS, it is necessary and for the best interests of the District that the Project be completed and in order to raise the funds required for such purpose it will be necessary for the

District to borrow an amount not to exceed \$6,000,000 and in evidence thereof to issue alternate bonds in an aggregate principal amount not to exceed \$6,000,000 (the “Bonds”), all in accordance with the Act; and

WHEREAS, the revenue source that will be pledged to the payment of the principal of and interest on the Bonds will be taxes, grants, state aid, interest earnings and other revenues received by the District and available to be expended for the improvement, maintenance, repair and benefit of school buildings and property; and

WHEREAS, if such revenue source is insufficient to pay the Bonds, ad valorem property taxes upon all taxable property in the District without limitation as to rate or amount are authorized to be extended to pay the principal of and interest on the Bonds:

NOW, THEREFORE, Be It and It Is Hereby Resolved by the Board of Education of Township High School District Number 215, Cook County, Illinois, as follows:

Section 1. Incorporation of Preambles. The Board hereby finds that all of the recitals contained in the preambles to this Resolution are full, true and correct and does incorporate them into this Resolution by this reference.

Section 2. Determination to Issue the Bonds. It is necessary and in the best interests of the District to complete the Project, and that for the purpose of completing the Project, general obligation alternate bonds of the District are hereby authorized to be issued and sold in an aggregate principal amount not to exceed \$6,000,000.

Section 3. Publication. This Resolution, together with a notice in the statutory form, shall be published in the *Daily Southtown*, the same being a newspaper of general circulation in the District, and if no petition signed by 2,318 or more electors of the District (being equal to the greater of (i) 7.5% of the registered voters in the District or (ii) 200 of those registered voters or 15% of those registered voters whichever is less) asking that the question of the issuance of the

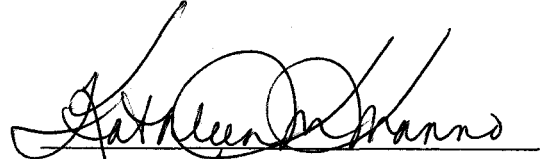
Bonds be submitted to referendum is filed with the Secretary of the Board within thirty (30) days after the date of the publication of this Resolution and said notice, then the Bonds shall be authorized to be issued.

Section 4. Additional Resolutions. If no petition meeting the requirements of applicable law is filed during the petition period hereinabove referred to, then the Board may adopt additional resolutions or proceedings supplementing or amending this Resolution providing for the issuance and sale of the Bonds and prescribing all the details of the Bonds, so long as the maximum amount of the Bonds as set forth in this Resolution is not exceeded and there is no material change in the Project or the purposes described herein. Such additional resolutions or proceedings shall in all instances become effective immediately without publication or posting or any further act or requirement. This Resolution, together with such additional resolutions or proceedings, shall constitute complete authority for the issuance of the Bonds under applicable law.


Section 5. Severability. If any section, paragraph, clause or provision of this Resolution shall be held invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the other provisions of this Resolution.

Section 6. Repealer. All resolutions or orders, or parts thereof, in conflict with the provisions of this Resolution are to the extent of such conflict hereby repealed.

Adopted September 28, 2004.



President, Board of Education



Secretary, Board of Education

Member Garrifano moved and Member Pavich seconded

the motion that said resolution as presented and read by the Secretary be adopted.

After a full and complete discussion thereof, the President directed that the roll be called for a vote upon the motion to adopt said resolution as read.

Upon the roll being called, the following members voted AYE: _____

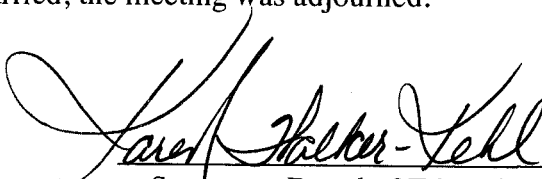
Manno, Naiterus, Garrifano, Holba,
Pavich, Schneider, Walker-Kehl.

and the following members voted NAY: Q

Whereupon the President declared the motion carried and the resolution adopted, and henceforth did approve and sign the same in open meeting and did direct the Secretary to record the same in full in the records of the Board of Education of Township High School District Number 215, Cook County, Illinois, which was done.

Other business not pertinent to the adoption of said resolution was duly transacted at said meeting.

Upon motion duly made, seconded and carried, the meeting was adjourned.


Secretary, Board of Education

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

CERTIFICATION OF RESOLUTION AND MINUTES

I, the undersigned, do hereby certify that I am the duly qualified and acting Secretary of the Board of Education of Township High School District Number 215, Cook County, Illinois (the "Board"), and as such official I am the keeper of the books, records and files of the Board.


I do further certify that the foregoing constitutes a full, true and complete transcript of the minutes of the meeting of the Board held on the 28th day of September, 2004, insofar as same relates to the adoption of a resolution entitled:

RESOLUTION authorizing the issuance of general obligation alternate bonds of Township High School District Number 215, Cook County, Illinois, in an aggregate principal amount not to exceed \$6,000,000, pursuant to the Local Government Debt Reform Act of the State of Illinois, as amended.

a true, correct and complete copy of which said resolution as adopted at said meeting appears in the foregoing transcript of the minutes of said meeting.

I do further certify that the deliberations of the Board on the adoption of said resolution were taken openly, that the vote on the adoption of said resolution was taken openly, that said meeting was held at a specified time and place convenient to the public, that notice of said meeting was duly given to all of the news media requesting such notice, that an agenda for said meeting was posted at the location where said meeting was held and at the principal office of the Board at least 96 hours in advance of the holding of said meeting, that a true, correct and complete copy of said agenda as so posted is attached hereto as *Exhibit A*, that said meeting was called and held in strict accordance with the provisions of the School Code of the State of Illinois, as amended, the Open Meetings Act of the State of Illinois, as amended, and the Local Government Debt Reform Act of the State of Illinois, and that the Board has complied with all of the applicable provisions of said Code and said Acts and its procedural rules in the adoption of said resolution.

IN WITNESS WHEREOF, I hereunto affix my official signature, this 28th day of September, 2004.


Secretary, Board of Education

CERTIFICATE OF PUBLICATION

MIDWEST SUBURBAN PUBLISHING

The undersigned corporation does hereby certify the publisher of the DAILY SOUTHTOWN... DAILY SOUTHTOWN is a secular newspaper... published daily in the County of Cook and State of Illinois, continuously for more than one year to the first publication of the notice appended, of general circulation throughout the said Counties and that it is a newspaper as defined in "An Act The Law in Relation to Notices". As amended by approved July 17, 1959 - Illinois Compiled Chapter 715 (ILCS 5/0.01 et seq.)

That the notice appended was published in the SOUTHTOWN, INC., on

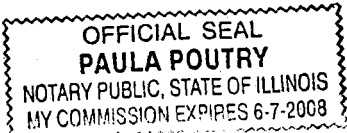
10/1/4

IN WITNESS WHEREOF, The DAILY SOUTHTOWN, INC., has caused this certificate to be signed corporate seal affixed hereto at Tinley Park, Illinois 10/5/4

By: [Signature] Authorize

Counties of Cook & Will State of Illinois Subscribed and sworn en route before me this 10/5/4

[Signature] Notary Public



NOTICE OF INTENT TO ISSUE BONDS AND RIGHT TO FILE PETITION

Notice is hereby given that pursuant to a resolution adopted on the 28th day of September, 2004 (the "Resolution"), Township High School District Number 215, Cook County, Illinois (the "District"), intends to issue general obligation alternate bonds (the "Bonds") in an aggregate principal amount not to exceed \$6,000,000 for the purpose of paying the cost of altering, repairing and equipping the Thornton Fractional North and South High School Buildings. The revenue source that will be pledged to the payment of the principal of and interest on the Bonds will be taxes, grants, state aid, interest earnings and other revenues received by the District and available to be expended for the improvement, maintenance, repair and benefit of school buildings and property. The District will also levy ad valorem property taxes upon all taxable property in the District without limitation as to rate or amount to pay the principal of and interest on the Bonds. A complete copy of the Resolution follows this notice.

Notice is hereby further given that if a petition signed by 2,318 or more electors of the District (the same being equal to the greater of (i) 7.5% of the registered voters in the District or (ii) 200 of those registered voters or 15% of those registered voters whichever is less) is submitted to the Secretary of the Board of Education of the District (the "Secretary") within thirty (30) days after the date of publication of this notice and the Resolution, an election on the proposition to issue the Bonds shall be held on the 22nd day of February, 2005, unless voters in the District are not scheduled to cast votes for any candidates for nomination for, election to or retention in public office at said election in which case an election on the proposition to issue the Bonds shall be held on the 6th day of April, 2005. The Circuit Court may declare that an emergency referendum should be held prior to either of said election dates pursuant to the provisions of Section 2A-1.4 of the Election Code of the State of Illinois, as amended. If no such petition is filed with the Secretary within said 30-day period, the Bonds shall be authorized to be issued. By order of the Board of Education of the District.

DATED this 28th day of September, 2004.

Karen Walker-Kehl Secretary, Board of Education Township High School District Number 215, Cook County, Illinois

RESOLUTION authorizing the issuance of general obligation alternate bonds of Township High School District Number 215, Cook County, Illinois, in an aggregate principal amount not to exceed \$6,000,000, pursuant to the Local Government Debt Reform Act of the State of Illinois, as amended.

WHEREAS, Township High School District Number 215, Cook County, Illinois (the "District"), is a duly organized and existing school district created under the provisions of the laws of the State of Illinois, and is now operating under the provisions of the School Code of the State of Illinois, as amended; and

WHEREAS, the Board of Education of the District (the "Board"), has considered the existing school facilities and the improvements and extensions necessary to be made thereto in order that the same will adequately serve the educational needs of the District; and

WHEREAS, the Board has determined that it is advisable, necessary and in the best interests of the District to alter, repair and equip the Thornton Fractional North and South High School Buildings (the "Project"), all in accordance with the preliminary estimate of costs heretofore approved by the Board and now on file in the office of the Secretary of the Board; and

WHEREAS, the estimated cost of the Project, including legal, financial, bond discount, capitalized interest, printing and publication costs and other expenses, is not less than \$6,000,000, and there are insufficient funds on hand and lawfully available to pay such costs; and

WHEREAS, such costs are expected to be paid for from the proceeds of alternate bonds authorized to be issued at this time pursuant to the Local Government Debt Reform Act of the State of Illinois, as amended (the "Act"); and

WHEREAS, it is necessary and for the best interests of the District that the Project be completed and in order to raise the funds required for such purpose it will be necessary for the District to borrow an amount not to exceed \$6,000,000 and in evidence thereof to issue alternate bonds in an aggregate principal amount not to exceed \$6,000,000 (the "Bonds"), all in accordance with the Act; and

WHEREAS, the revenue source that will be pledged to the payment of the principal of and interest on the Bonds will be taxes, grants, state aid, interest earnings and other revenues received by the District and available to be expended for the improvement, maintenance, repair and benefit of school buildings and property; and

WHEREAS, if such revenue source is insufficient to pay the Bonds, ad valorem property taxes upon all taxable property in the District without limitation as to rate or amount are authorized to be extended to pay the principal of and interest on the Bonds;

NOW, THEREFORE, Be It and It is Hereby Resolved by the Board of Education of Township High School District Number 215, Cook County, Illinois, as follows:

Section 1. Incorporation of Preambles. The Board hereby finds that all of the recitals contained in the preambles to this Resolution are full, true and correct and does incorporate them into this Resolution by this reference.

Section 2. Determination to Issue the Bonds. It is necessary and in the best interests of the District to complete the Project, and that for the purpose of completing the Project, general obligation alternate bonds of the District are hereby authorized to be issued and sold in an aggregate principal amount not to exceed \$6,000,000.

Section 3. Publication. This Resolution, together with a notice in the statutory form, shall be published in the Daily Southtown, the same being a newspaper of general circulation in the District, and if no petition signed by 2,318 or more electors of the District (being equal to the greater of (i) 7.5% of the registered voters in the District or (ii) 200 of those registered voters or 15% of those registered voters whichever is less) asking that the question of the issuance of the Bonds be submitted to referendum is filed with the Secretary of the Board within thirty (30) days after the date of the publication of this Resolution and said notice, then the Bonds shall be authorized to be issued.

Section 4. Additional Resolutions. If no petition meeting the requirements of applicable law is filed during the petition period hereinabove referred to, then the Board may adopt additional resolutions or proceedings supplementing or amending this Resolution providing for the issuance and sale of the Bonds and prescribing all the details of the Bonds, so long as the maximum amount of the Bonds as set forth in this Resolution is not exceeded and there is no material change in the Project or the purposes described herein. Such additional resolutions or proceedings shall in all instances become effective immediately without publication or posting or any further act or requirement. This Resolution, together with such additional resolutions or proceedings, shall constitute complete authority for the issuance of the Bonds under applicable law.

Section 5. Severability. If any section, paragraph, clause or provision of this Resolution shall be held invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the other provisions of this Resolution.

Section 6. Repealer. All resolutions or orders, or parts thereof, in conflict with the provisions of this Resolution are to the extent of such conflict hereby repealed. Adopted September 28, 2004.

/s/ Kathy Manno President, Board of Education Township High School District Number 215, Cook County, Illinois

/s/ Karen Walker-Kehl Secretary, Board of Education Township High School District Number 215, Cook County, Illinois

3370652 10/1/04

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

ALTERNATE BOND CERTIFICATE

We, the undersigned, do hereby certify that we are the duly qualified and acting President, Secretary and School Treasurer, respectively, of the Board of Education (the "Board") of Township High School District Number 215, Cook County, Illinois (the "District"), and as such officials we do further certify as follows:

1. That the District is issuing its \$6,000,000 General Obligation Bonds (Alternate Revenue Source), Series 2005, dated July 1, 2005 (the "Bonds"), for the purpose of paying the cost of altering, repairing and equipping the Thornton Fractional North and South High School Buildings (the "Project").

2. That the Project constitutes a lawful corporate purpose within the meaning of the Local Government Debt Reform Act of the State of Illinois, as amended (the "Act").

3. That on the 28th day of September, 2004, the Board adopted a resolution (the "Authorizing Resolution") authorizing the issuance of bonds to the amount of \$6,000,000 for the purpose of paying the cost of the Project.

4. That on the 1st day of October, 2004, the Authorizing Resolution, together with a notice in the statutory form, was published in the *Daily Southtown*, the same being a newspaper of general circulation in the District.

5. That no petition has ever been filed with the Secretary of the Board (the "Secretary") or has ever been presented to the Secretary asking that the question of the issuance of the Bonds be submitted to the electors of the District, but that the Secretary made a petition form available to anyone requesting one.

6. That the number of registered voters in the District is equal to 30,915.

7. That on the 28th day of June, 2005, the Board adopted a resolution authorizing and providing for the issuance and sale of the Bonds (the "*Bond Resolution*").

8. That the Bonds are payable from the Pledged Revenues and the Pledged Taxes as defined and provided in the Bond Resolution.

9. That the District does not have outstanding any alternate bonds within the meaning of the Act.

10. That the District does not now have outstanding any obligations payable from the Pledged Revenues that would limit or proscribe in any manner whatsoever the ability of the District to issue the Bonds and to apply the Pledged Revenues to the payment thereof.

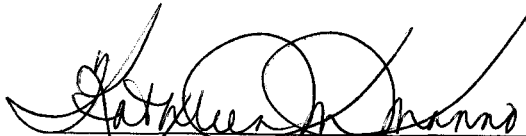
11. That the Board has determined that the Pledged Revenues will provide in each year an amount not less than 1.25 times debt service of the Bonds.

12. That such determination by the Board regarding the sufficiency of the Pledged Revenues is supported by the most recent audit of the District (the "*Audit*").

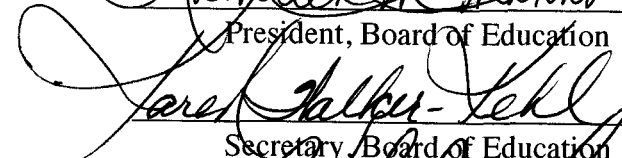
13. That a true, correct and complete copy of the Audit is attached hereto and was presented to the Board, and was on file with the Secretary, prior to the adoption of the Bond Resolution.

14. That the Audit is for a fiscal year ending not earlier than 18 months previous to the time of the issuance of the Bonds.

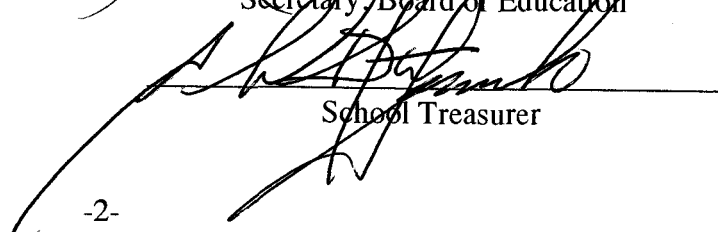
IN WITNESS WHEREOF, we hereunto affix our official signatures, this 28th day of June, 2005.



President, Board of Education



Secretary, Board of Education



School Treasurer

ORDER calling a public hearing concerning the intent of the Board of Education of Township High School District Number 215, Cook County, Illinois, to sell not to exceed \$6,000,000 General Obligation Alternate Bonds.

* * *

WHEREAS, Township High School District Number 215, Cook County, Illinois (the "*District*"), is a duly organized and existing School District created under the provisions of the laws of the State of Illinois, and is now operating under the provisions of the School Code of the State of Illinois, and all laws amendatory thereof and supplementary thereto, including the Local Government Debt Reform Act of the State of Illinois, as amended; and

WHEREAS, the Board of Education of the District (the "*Board*") intends to sell bonds in an amount not to exceed \$6,000,000 for the purpose of paying the cost of altering, repairing and equipping the Thornton Fractional North and South High School Buildings (the "*Bonds*"); and

WHEREAS, the Bond Issue Notification Act of the State of Illinois, as amended, requires the Board to hold a public hearing concerning the Board's intent to sell the Bonds before adopting a resolution providing for the sale of the Bonds:

NOW, THEREFORE, Be It and It Is Hereby Ordered by the undersigned President of the Board of Education of Township High School District Number 215, Cook County, Illinois, as follows:

1. I hereby call a public hearing to be held at 7:00 o'clock P.M. on the 31st day of May, 2005, in the Community Room of the Center for Academics and Technology, 1605 Wentworth Avenue, Calumet City, Illinois, in the District, concerning the Board's intent to sell the Bonds and to receive public comments regarding the proposal to sell the Bonds (the "*Hearing*").

2. I hereby direct that the Secretary of the Board (the "*Secretary*") shall (i) publish notice of the Hearing at least once in the *Daily Southtown*, the same being a newspaper of

general circulation in the District, not less than 7 nor more than 30 days before the date of the Hearing and (ii) post at least 48 hours before the Hearing a copy of said notice at the principal office of the Board.

3. Notice of the Hearing shall appear above the name of the Secretary and shall be in substantially the following form:

**NOTICE OF PUBLIC HEARING CONCERNING THE INTENT OF
THE BOARD OF EDUCATION OF TOWNSHIP HIGH SCHOOL DISTRICT NUMBER 215,
COOK COUNTY, ILLINOIS,
TO SELL NOT TO EXCEED \$6,000,000 GENERAL OBLIGATION ALTERNATE BONDS**

PUBLIC NOTICE IS HEREBY GIVEN that Township High School District Number 215, Cook County, Illinois (the "*District*"), will hold a public hearing on the 31st day of May, 2005, at 7:00 o'clock P.M. The hearing will be held in the Community Room of the Center for Academics and Technology, 1605 Wentworth Avenue, Calumet City, Illinois. The purpose of the hearing will be to receive public comments on the proposal to sell bonds of the District in an amount not to exceed \$6,000,000 for the purpose of paying the cost of altering, repairing and equipping the Thornton Fractional North and South High School Buildings.

By order of the President of the Board of Education of Township High School District Number 215, Cook County, Illinois.


DATED the 19th day of May, 2005.

Karen Walker-Kehl
Secretary, Board of Education,
Township High School District
Number 215, Cook County, Illinois

Note to Publisher: Please be certain that this notice appears above the name of the Secretary of the Board.

4. At the Hearing the Board shall explain the reasons for the proposed bond issue and permit persons desiring to be heard an opportunity to present written or oral testimony within reasonable time limits. The Board shall not adopt a resolution selling the Bonds for a period of seven (7) days after the final adjournment of the Hearing.

Ordered this 19th day of May, 2005.



Kathleen Manno
President, Board of Education,
Township High School District
Number 215, Cook County, Illinois

CERTIFICATE OF PUBLICATION

MIDWEST SUBURBAN PUBLISHERS, INC.

The undersigned corporation does hereby certify that it is the publisher of the DAILY SOUTHTOWN that said DAILY SOUTHTOWN is a secular newspaper that has been published daily in the County of Cook and Will and State of Illinois, continuously for more than one year prior to the first publication of the notice appended, and is of general circulation throughout the said Counties and State and that -it is a newspaper as defined in "An Act to Revise The Law in Relation to Notices". As amended by an Act approved July 17, 1959 - Illinois Compiled Statutes, Chapter 715 (ILCS 5/0.01 et seq.)

That the notice appended was published in the DAILY SOUTHTOWN, INC., on

MAY 24, 2005

IN WITNESS WHEREOF, The DAILY SOUTHTOWN, INC., has caused this certificate to be signed and its corporate seal affixed hereto at Tinley Park, Illinois, this 24TH Day of MAY. A. D., 2005.

By: [Signature]
Authorized Agent

Counties of Cook & Will
State of Illinois
Subscribed and sworn en route
before me this 24TH
Day of MAY, 2005.

[Signature]
Notary Public



Notice of Public Hearing Concerning the Intent of the Board of Education of Township High School District Number 215, Cook County, Illinois, to Sell not to exceed \$6,000,000 General Obligation Alternate Bonds

Public Notice is Hereby Given that Township High School District Number 215, Cook County, Illinois (the "District"), will hold a public hearing on the 31st day of May, 2005, at 7:00 o'clock P.M. The hearing will be held in the Library of Thornton Fractional North High School, 755 Pulaski, Calumet City, Illinois. The purpose of the hearing will be to receive public comments on the proposal to sell bonds of the District in an amount not to exceed \$6,000,000 for the purpose of paying the cost of altering, repairing and equipping the Thornton Fractional North and South High School Buildings.

By order of the President of the Board of Education of Township High School District Number 215, Cook County, Illinois.

Dated the 19th day of May, 2005.

Karen Walker-Kahl
Secretary, Board of Education,
Township High School District
Number 215, Cook County, Illinois

ACCOUNT					AMOUNT
FD	FUNC	OBJ	LOC	PROG.	
10	2320	350	40	086	
TOTAL					

FY: 04-05
FISCAL YEAR

51655

THIS ORDER NUMBER MUST APPEAR ON THE BILL OF LADING, THE SHIPPING LABEL, AND THE INVOICE.

**THORNTON FRACTIONAL TOWNSHIP
HIGH SCHOOL DISTRICT 215**

1601 WENTWORTH AVENUE
CALUMET CITY, IL 60409
PHONE: (708) 585-2300 FAX: (708) 585-2317

DATE: **May 20, 2005**

VENDOR

Midwest Suburban Publishing, Inc.
Attn: Linda Conrad
6901 W. 159th Street
Tinley Park, IL 60477

SHIP / DELIVER TO:

<input type="checkbox"/> Thornton Fractional North High School 755 Pulaski Road Calumet City, IL 60409	<input type="checkbox"/> Thornton Fractional South High School 18500 Burnham Avenue Lansing, IL 60438
<input type="checkbox"/> Thornton Fractional Science & Tech Center 135-167th Street Calumet City, IL 60409	<input checked="" type="checkbox"/> Thornton Fractional Administrative Center 1601 Wentworth Avenue Calumet City, IL 60409

ATTN OF: **Kathy Chiaro**
DEPT:

OUR REGULAR RECEIVING HOURS ARE FROM 8:00 AM TO 3:30 PM. REQUEST SPECIAL ARRANGEMENTS FOR OTHER HOURS AS NO TRUCK WILL BE UNLOADED AFTER 3:30 PM UNLESS PRIOR ARRANGEMENTS ARE MADE.

QUANTITY	ITEM NO. OR CATALOG NO.	DESCRIPTION	UNIT PRICE	EXTENDED PRICE
		<p>Legal Notice to appear in the Daily Southtown for the following:</p> <p>Notice of Public Hearing</p> <p>BLACK BOX NOTICE</p> <p>(see attached)</p> <p>one cert.</p> <p>To be placed in Tuesday, May, 24, 2005 newspaper.</p>		
<input checked="" type="checkbox"/> FAXED 708-633-6550 <input type="checkbox"/> PRE-PAYMENT REQUIRED <input checked="" type="checkbox"/> CONFIRMATION DO NOT DUPLICATE ORDER			TOTAL	

RECEIVER WILL CHECK SHIPMENT TO SEE THAT IT CONFORMS TO SPECIFICATIONS AS SHOWN BY THIS ORDER. ANY IRREGULARITY MUST BE FULLY REPORTED ON THIS FORM. ATTACH THIS COPY WITH SHIPMENT AND SEND TO DEPARTMENT INDICATED ABOVE.

1. CONTACT BUSINESS OFFICE ON SHIPMENTS THAT ARE DAMAGED, SHORT, WRONG MATERIAL OR QUESTIONABLE. **DO NOT ASSUME RESPONSIBILITY.**
2. ALL PACKING SLIPS ARE TO BE SIGNED AND FORWARDED TO THE BUSINESS OFFICE.
3. THIS RECEIVING COPY IS TO BE SIGNED AND FORWARDED TO THE BUSINESS OFFICE ONLY AFTER ALL GOODS OR SERVICES ARE RECEIVED.

QUANTITY AS ORDERED _____ DATE OF RECEIPT _____

K. Chiaro

RECEIVER'S SIGNATURE

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

SPECIAL MEETING CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting Secretary of the Board of Education (the "Board") of Township High School District Number 215, Cook County, Illinois (the "District"), and as such official I do further certify as follows:

1. That on the 10th day of May, 2005, a special meeting of the Board was called for the 31st day of May, 2005 (the "Meeting"), by the President or by three (3) members of the Board by giving notice thereof in writing, stating the time, place and purpose of the Meeting, and including the agenda for the Meeting (the "Board Notice").

2. That the Board Notice was served upon all of the members of the Board by personal service, the same being the manner in which the Board Notice was served (e.g., personal service or mail), not less than 48 hours before the Meeting.

3. That the Daily Southtown, Star, Hammond Times, the same being all of the news media that have filed a request for such notice, was also given the Board Notice in the same manner as was given to said members of the Board.

4. That attached hereto as *Exhibit 1* is a true, correct and complete copy of the Board Notice.

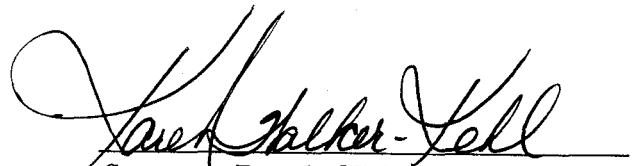
5. That on the 24th day of May, 2005, public notice of the Meeting, including the agenda for the Meeting, was posted at the District Office at 1601 Wentworth Avenue, Calumet City, Illinois, the same being the principal office of the Board (the "Public Notice").

6. That on said day the Public Notice was also supplied to the news media listed in paragraph 2 hereof.

7. That attached hereto as *Exhibit 3* is a true, correct and complete copy of the Public Notice.

8. That the Meeting was duly called, noticed and held in strict compliance with all of the provisions of the Open Meetings Act of the State of Illinois, as amended, the School Code of the State of Illinois, as amended, the resolutions of the District and the rules, regulations and proceedings of the Board.

IN WITNESS WHEREOF, I hereunto affix my official signature, this 3^{1st} day of May, 2005.


Secretary, Board of Education

Meeting Location: T.F. North High School Library

**AGENDA:
DISTRICT 215 BOARD OF EDUCATION
May 31, 2005 - 7:00 p.m.**

- I. Call to Order - Pledge to Flag
 - II. Roll Call
 - III. Conduct a Public Hearing:
Concerning the proposal to sell bonds in an amount not to exceed \$6 million.
 - IV. Communications
 - A. Board
 - 1. Correspondence
 - a. Resignation Suzanne Holba-Ross
 - 2. Board Vacancy Appointment
 - 3. Information Sharing
 - a. Excellence Counts: Jennifer Donovan, Richard Powell, Deborah Carr, Macel Hilliard
 - b. Construction Update:
Henry Brothers Construction Manager and Gillfilan Architects
 - B. Community Public Comments
 - C. Staff Updates
 - 1. Principal Update
 - 2. District Updates
 - a. Art Awards
 - b. Vocational Awards
 - c. Technology Planning Committee
 - d. Summer School Update
 - 3. ECHO Billing Update
- V. Future Meetings
 - A. TF North Graduation - 6/2/05 - Hammond Civic Center
 - B. TF South Graduation - 6/3/05 - Hammond Civic Center
 - C. Regular Mtg. - 6/28/05 - 7:00 p.m. at T. F. South High School
- VI. Approval of Minutes
 - A. Regular Meeting: 4/26/05
 - B. Special Meeting: 5/10/05
- VII. Old Business
 - A. 2005-06 Student Behavior Code and Student Handbook **Enclosure**
 - B. 2005-06 Textbook Adoption
- VIII. New Business
 - A. Athletic Trainer Service Contract **Exhibit 1**
 - B. Community Drug Prevention Committee
 - 1. Appoint Board Member Representative
 - C. HSDO Dues (High School District Organization) **Exhibit 2**
 - D. Donation of Auto to Basic Automotive Maintenance **Exhibit 3**
 - E. IASB Dues (Illinois Association of School Boards) **Exhibit 4**
 - F. Transportation Contract **Exhibit 5**

Building & Grounds Committee of the Whole 6:00 p.m. - Tour of New Addition
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- IX. Closed Session:
A. Individual Student Discipline and Placements
B. Personnel: Employment, Compensation, Discipline, Performance, or Dismissal of Specific Employees
- X. Superintendent's Report
A. Financial Reports
B. Personnel Report
C. Student Expulsions: # 770289, #740028, # 780095, #780393
- XI. Other Matters
A. Monthly Suspension and Enrollment Reports
- XII. Adjourn

Exhibit 6**Exhibit 7**

MINUTES of a ^{special} ~~rescheduled regular~~ public meeting of the Board of Education of Township High School District Number 215, Cook County, Illinois, held in the Community Room of the Center for Academics and Technology, 1605 Wentworth Avenue, Calumet City, Illinois, in said School District at 7:00 o'clock P.M., on the 31st day of May, 2005.

* * *

The meeting was called to order by the President, and upon the roll being called, Manno, the President, and the following members at said location answered present: Pavich, Schneider, Waiterks,
Garritano, Walker-Kehl

The following members were absent: Holba

At 7:00 o'clock P.M., the President announced that the next agenda item for the Board of Education was a public hearing (the "Hearing") to receive public comments on the proposal to sell not to exceed \$6,000,000 General Obligation Alternate Bonds (the "Bonds") for the purpose of paying the cost of altering, repairing and equipping the Thornton Fractional North and South High School Buildings and explained that all persons desiring to be heard would have an opportunity to present written or oral testimony with respect thereto.

The President opened the discussion and explained that the reasons for the proposed issuance of the Bonds were as follows: to cover cost of altering
repairing, equipping TF North + South
school buildings

Whereupon the President asked for additional comments from the members of the Board of Education. Additional comments were made by the following:

(If no additional comments were made, please so indicate with the word "none.")

Written testimony concerning the proposed issuance of the Bonds was read into the record by the Secretary and is attached hereto as *Exhibit I*.

(If no written testimony was received, please so indicate with the word "none.")

Whereupon the President asked for oral testimony or any public comments concerning the proposed issuance of the Bonds. Statements were made by the following:

(If no additional statements were made, please so indicate with the word "none.")

The President then announced that all persons desiring to be heard had been given an opportunity to present oral and written testimony with respect to the proposed issuance of the Bonds.

Member Manno moved and Member Garritano seconded the motion that the Hearing be finally adjourned.

After a full discussion thereof, the President directed that the roll be called for a vote upon the motion.

Upon the roll being called, the following members voted AYE: _____

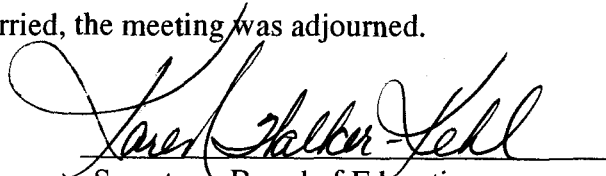
Manno, Waitkus, Garritano
Pavich, Schneider, Walker-Kehl

The following members voted NAY: _____

Whereupon the President declared the motion carried and the Hearing was finally adjourned.

Other business not pertinent to the conduct of the Hearing was duly transacted at said meeting.

Upon motion duly made, seconded and carried, the meeting was adjourned.


Secretary, Board of Education

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

CERTIFICATION OF MINUTES

I, the undersigned, do hereby certify that I am the duly qualified and acting Secretary of the Board of Education of Township High School District Number 215, Cook County, Illinois (the "Board"), and as such official I am the keeper of the records and files of the Board.

I do further certify that the foregoing constitute a full, true and complete transcript of the minutes of the meeting of the Board held on the 31st day of May, 2005, insofar as the same relates to a public hearing concerning the intent of the Board to sell not to exceed \$6,000,000 General Obligation Alternate Bonds.

I do further certify that the deliberations of the Board at said meeting were conducted openly, that all votes taken at said meeting were taken openly, that said meeting was held at a specified time and place convenient to the public, that notice of said meeting was duly given to all of the news media requesting such notice, that an agenda for said meeting was posted at the location where said meeting was held and at the principal office of the Board at least 96 hours in advance of the holding of said meeting, that a true, correct and complete copy of said agenda as so posted is attached hereto as *Exhibit A*, that said meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended, the School Code of the State of Illinois, as amended, and the Bond Issue Notification Act of the State of Illinois, as amended, and that the Board has complied with all of the provisions of said Acts and said Code and with all of the procedural rules of the Board in the conduct of said meeting.

I do further certify that notice of said public hearing was posted at least 96 hours before said public hearing at the principal office of the Board and that attached hereto as *Exhibit B* is a true, correct and complete copy of said notice as so posted.

IN WITNESS WHEREOF, I hereunto affix my official signature, this 31st day of May, 2005.

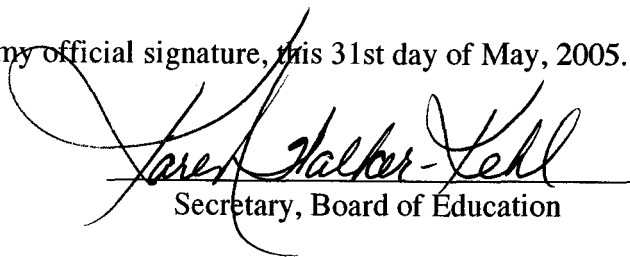

Secretary, Board of Education

EXHIBIT B

**NOTICE OF PUBLIC HEARING CONCERNING THE INTENT OF
THE BOARD OF EDUCATION OF TOWNSHIP HIGH SCHOOL DISTRICT NUMBER 215,
COOK COUNTY, ILLINOIS,
TO SELL NOT TO EXCEED \$6,000,000 GENERAL OBLIGATION ALTERNATE BONDS**

PUBLIC NOTICE IS HEREBY GIVEN that Township High School District Number 215, Cook County, Illinois (the "*District*"), will hold a public hearing on the 31st day of May, 2005, at 7:00 o'clock P.M. The hearing will be held in the Community Room of the Center for Academics and Technology, 1605 Wentworth Avenue, Calumet City, Illinois. The purpose of the hearing will be to receive public comments on the proposal to sell bonds of the District in an amount not to exceed \$6,000,000 for the purpose of paying the cost of altering, repairing and equipping the Thornton Fractional North and South High School Buildings.

By order of the President of the Board of Education of Township High School District Number 215, Cook County, Illinois.

DATED the 19th day of May, 2005.

Karen Walker-Kehl
Secretary, Board of Education,
Township High School District
Number 215, Cook County, Illinois

NEAR FINAL OFFICIAL STATEMENT

**NEW ISSUE
BANK QUALIFIED**

**RATING: Standard & Poor's
Insured: "AAA" (Ambac Insured) Underlying: "A"**

Subject to compliance by the District with certain covenants, in the opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, under present law, interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. See "TAX MATTERS" herein for a more complete discussion. Interest on the Bonds is not exempt from present Illinois income tax. The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS - Qualified Tax Exempt Obligations" herein for a more complete discussion.

\$6,000,000*
**THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NUMBER 215
COOK COUNTY, ILLINOIS
GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2005**

DATED: July 1, 2005

DUE: December 1, As Shown Below

The General Obligation Bonds (Alternate Revenue Source), Series 2005 (the "Bonds"), of Thornton Fractional Township High School District Number 215, Cook County, Illinois (the "District"), are issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, to which principal and interest payments on the Bonds will be made. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of the Bonds will not receive physical delivery of bond certificates. So long as Cede & Co. is the registered owner of the Bonds, reference herein to the holders of the Bonds or registered owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, the principal and interest (first payable on June 1, 2006, and thereafter semiannually on each December 1 and June 1) on the Bonds are payable to Cede & Co., which will in turn remit such principal and interest to the DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM." Interest is calculated based on a 360-day year of twelve 30-day months.

The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS - Qualified Tax Exempt Obligations" herein for a more complete discussion.

The Bonds are legally binding obligations of the District, payable both as to principal and interest (i) from taxes, grants, state aid, interest earnings and other revenues received by the District and available to be expended for the improvement, maintenance, repair and benefit of school buildings and property (the "Pledged Revenues") and (ii) from ad valorem property taxes levied upon all taxable property in the District without limitation as to rate or amount (the "Pledged Taxes").

Payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Bonds.



BONDS MATURING ON AND AFTER DECEMBER 1, 2015 ARE SUBJECT TO OPTIONAL REDEMPTION ON DECEMBER 1, 2014 AND ON ANY DATE THEREAFTER AT PAR PLUS ACCRUED INTEREST. SEE "THE BONDS - Optional Redemption" HEREIN.

MATURITY SCHEDULE*

<u>December 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>December 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>
2006	\$ 100,000	%	%	2016	\$ 305,000	%	%
2007	205,000			2017	315,000		
2008	215,000			2018	330,000		
2009	225,000			2019	345,000		
2010	235,000			2020	355,000		
2011	245,000			2021	370,000		
2012	260,000			2022	385,000		
2013	270,000			2023	405,000		
2014	280,000			2024	420,000		
2015	295,000			2025	440,000		

(Plus accrued interest from July 1, 2005)

The Bonds are offered when, as and if issued and received by the Underwriter subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel. The Bonds will be awarded June 28, 2005 and are expected to be delivered on or about July 14, 2005.



*Preliminary, subject to change

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Near Final Official Statement, and, if given or made, such other information or representations must not be relied upon as statements of the District or the Underwriter. This Near Final Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Unless otherwise indicated, the District is the source of all tables and statistical and financial information contained in this Near Final Official Statement. The information and opinions expressed herein are subject to change without notice, and the delivery of this Near Final Official Statement or any sale made hereunder shall not, under any circumstances, create any implication that there has been no change in the operations of the District since the date of this Near Final Official Statement.

This Near Final Official Statement should be considered in its entirety and no one factor considered less important than any other by reason of its position in this Near Final Official Statement. Where statutes, resolutions, reports or other documents are referred to herein, reference should be made to such statutes, resolutions, reports or other documents, facts and opinions contained therein and the subject matter thereof for more complete information regarding the rights and obligations of parties thereto.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, other than the District, shall have passed upon the accuracy or adequacy of this Near Final Official Statement.

The information in this Near Final Official Statement has been compiled from sources believed to be reliable, but is not guaranteed. As far as any statements herein involve matters of opinion, whether or not so stated, they are intended as opinions and not representations of fact.

This Final Official Statement has been prepared under the authority of Thornton Fractional Township High School District Number 215, Cook County, Illinois. Additional copies may be secured from Thornton Fractional Township High School District Number 215, 1601 Wentworth Avenue, Calumet City, Illinois, 60409 (708/585-2300), or from the Underwriter, Griffin, Kubik, Stephens & Thompson, Inc., Public Finance Department, 300 Sears Tower / 233 South Wacker Drive, Chicago, Illinois, 60606 (312/441-2600).

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NUMBER 215
COOK COUNTY, ILLINOIS
1601 Wentworth Avenue
Calumet City, Illinois 60409
(708) 585-2300

ADMINISTRATION

<u>Name</u>	<u>Position</u>
Dr. Robert K. Wilhite	Superintendent
Dr. Timothy B. Kilrea	Assistant Superintendent
Joseph B. Daley	Director of Business Services
Thomas P. Stefaniak	Township Treasurer

BOARD OF EDUCATION

<u>Official</u>	<u>Position</u>
Kathleen Manno	President
Debbie Waitekus	Vice President
Karen Walker-Kehl	Secretary
Charles Maricich	Board Member
Marcia Pavich	Board Member
Henry Schneider	Board Member
Natalie Owen	Board Member

Paying Agent/Registrar

LaSalle Bank National Association
Chicago, Illinois

Independent Auditors

John Kasperek Co., Inc.
Calumet City, Illinois

Bond Counsel

Chapman and Cutler LLP
Chicago, Illinois

Underwriter

Griffin, Kubik, Stephens & Thompson, Inc.
300 Sears Tower
233 South Wacker
Chicago, Illinois 60606
(312)441-2600

NEAR FINAL OFFICIAL STATEMENT SUMMARY

This offering of Bonds is made only by means of the attached Near Final Official Statement in its entirety. No person shall be authorized to detach this Statement Summary from the Near Final Official Statement or to otherwise use such Statement Summary without the Near Final Official Statement in its entirety.

Issuer: Thornton Fractional Township High School District Number 215, Cook County, Illinois

Issue: \$6,000,000* General Obligation Bonds (Alternate Revenue Source), Series 2005

Dated Date: July 1, 2005

Book-Entry-Only Form: The Bonds are issued as fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, in \$5,000 denominations or integral multiples thereof, and will be in Book-Entry-Only Form.

Delivery Date: On or about July 14, 2005.

Interest Payment Dates: Each December 1 and June 1 beginning June 1, 2006.

Principal Payment Dates: Each December 1 beginning December 1, 2006 and ending December 1, 2024.

Record Date: The close of business on the 15th day of the calendar month next preceding any principal or interest payment date.

Redemption Provisions: Bonds maturing on and after December 1, 2015 are subject to optional redemption on December 1, 2014 and on any date thereafter at par plus accrued interest.

Authority and Purpose: The Bonds are being issued pursuant to the applicable sections of the School Code of the State of Illinois, as amended, the Local Government Debt Reform Act of the State of Illinois, as amended (the "Act") and the bond resolution to be adopted by the Board of Education of the District (the "Bond Resolution").

Proceeds of the Bonds, when issued, will be used to (i) alter, repair and equip the Thornton Fractional North and South High School Buildings; and (ii) pay costs associated with the issuing of the Bonds.

Security: The Bonds are legally binding obligations of the District, payable both as to principal and interest (i) from taxes, grants, state aid, interest earnings and other revenues received by the District and available to be expended for the improvement, maintenance, repair and benefit of school buildings and property (the "Pledged Revenues") and (ii) from ad valorem property taxes levied upon all taxable property in the District without limitation as to rate or amount (the "Pledged Taxes").

Tax Exemption: Chapman and Cutler LLP, Chicago, Illinois, will provide an opinion as to the federal tax exemption of the Bonds. See Appendix B.

Bank Qualification: The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS – Qualified Tax-Exempt Obligations" herein for a more complete discussion.

Paying Agent/Registrar: LaSalle Bank National Association, Chicago, Illinois

Bond Rating: Standard and Poor's "AAA" Insured (AMBAC Assurance Corporation), "A" underlying rating.

Legal Opinion: Chapman and Cutler LLP, Chicago, Illinois

**Preliminary, subject to change*

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NEAR FINAL OFFICIAL STATEMENT

\$6,000,000*

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NUMBER 215 COOK COUNTY, ILLINOIS GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2005

INTRODUCTION

The purpose of this Near Final Official Statement is to set forth certain information concerning Thornton Fractional Township High School District Number 215, Cook County, Illinois (the "District"), in connection with the offering and sale of \$6,000,000* aggregate principal amount of General Obligation Bonds (Alternate Revenue Source), Series 2005 (the "Bonds"). This Near Final Official Statement includes the cover page, the reverse thereof and the Appendices.

THE BONDS

GENERAL DESCRIPTION

The Bonds will be issued in fully registered form, without coupons, in denominations of \$5,000 or any integral multiple thereof under a book-entry-only system operated by The Depository Trust Company, New York, New York ("DTC"). Principal of and interest on the Bonds will be payable as described under the caption "BOOK-ENTRY-ONLY SYSTEM" by LaSalle Bank National Association, Chicago, Illinois, as Paying Agent and Registrar (the "Registrar").

The Bonds will be dated July 1, 2005 and will mature as shown on the cover page of this Near Final Official Statement. Interest will be payable each June 1 and December 1, commencing June 1, 2006.

AUTHORITY

The Bonds are issued under the authority of the School Code of the State of Illinois, as supplemented and amended (the "Act"), and particularly as supplemented by the Local Government Debt Reform Act of the State of Illinois, as amended (the "Debt Reform Act"), and a bond resolution adopted by the Board of Education of the District (the "Bond Resolution").

PURPOSE

Proceeds of the Bonds, when issued, will be used to (i) alter, repair and equip the Thornton Fractional North and South High School Buildings; and (ii) pay costs associated with the issuing of the Bonds.

SECURITY AND PAYMENT

The Bonds are legally binding obligations of the District, payable both as to principal and interest (i) from taxes, grants, state aid, interest earnings and other revenues received by the District and available to be expended for the improvement, maintenance, repair and benefit of school buildings and property (the "Pledged Revenues") and (ii) from ad valorem property taxes levied upon all taxable property in the District without limitation as to rate or amount (the "Pledged Taxes").

In the opinion of Bond Counsel, the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

**Preliminary, subject to change*

In the Bond Resolution, the District covenants and agrees with the purchasers and the owners of the Bonds that as long as any of the Bonds remain outstanding, the District will take no action or fail to take any action which in any way would adversely affect the ability of the District to collect the Pledged Revenues or, except for abatement of tax levies as permitted in the Bond Resolution, to levy and collect the Pledged Taxes. The District and its officers will comply with all present and future applicable laws in order to assure that the Pledged Revenues will be available and that the Pledged Taxes will be levied, extended and collected as provided in the Bond Resolution and deposited in the debt service account to pay the Bonds (the "Bond Fund").

The District's determination of the sufficiency of the Pledged Revenues is supported by reference to the most recent audit of the District. See "DEBT STRUCTURE - Projected Debt Service Coverage – Alternate Revenue Bonds" herein.

OPTIONAL REDEMPTION

Bonds maturing on and after December 1, 2015 are subject to optional redemption on December 1, 2014 and on any date thereafter at par plus accrued interest.

ESTIMATED SOURCES AND USES¹

The estimated sources and uses of funds, excluding accrued interest, are as follows:

<u>Sources</u>	
Par Amount of Bonds	
Net Original Issue Premium	
Total Sources:	=====
 <u>Uses</u>	
Deposit to Working Cash Fund	
Costs of Issuance	
Total Uses:	=====

* Includes underwriter's discount, bond insurance, paying agent fee, bond counsel fee and other costs of issuance.
 (1) Net of accrued interest

HIGHLIGHTS OF ALTERNATE BONDS

DESCRIPTION OF ALTERNATE BONDS

Section 15 of the Debt Reform Act provides that whenever revenue bonds have been duly authorized or whenever there exists a lawful revenue source, a local governmental unit may issue its general obligation bonds in lieu of such revenue bonds as authorized or payable from such revenue source, and such general obligation bonds may be referred to as "alternate bonds." Such bonds are general obligation debt payable from the pledged revenues with the general obligation of the issuer acting as back-up security. The Debt Reform Act prescribes several conditions that must be met before alternate bonds may be issued.

First, alternate bonds must be issued for a lawful corporate purpose. If payable from a revenue source that is limited in its purposes and applications, then alternate bonds may be issued only for such limited purposes or applications. The Bonds are payable from the Pledged Revenues pursuant to the Bond Resolution.

Second, for bonds other than refunding bonds meeting certain conditions set out in the Debt Reform Act, the question of issuance must be submitted to referendum if, within thirty (30) days after publication of an authorizing resolution and notice of intent to issue alternate bonds, a petition signed by the greater of (i) 7.5% of the registered voters in the governmental unit or (ii) 200 of those registered voters or 15% of those registered voters, whichever is less, is filed. No such petitions were filed for the Bonds.

Third, the issuer must determine that the pledged revenue source or sources are sufficient in each year to provide not less than 1.25 times debt service of the proposed alternate bonds and all other outstanding alternate bonds of the issuer payable from the same revenue source.

Fourth, the issuer must in fact pledge and covenant, to the extent it is empowered to do so, to provide for, collect and apply the pledged enterprise revenues or revenue source(s) to the payment of the alternate bonds and the provision of an additional 0.25 times debt service coverage.

See "DEBT STRUCTURE - Projected Debt Service Coverage – Alternate Revenue Bonds" herein.

ABATEMENT OF PLEDGED TAXES

Whenever the Pledged Revenues are available to pay principal of or interest on the Bonds when due, the District will direct the deposit of such funds into the Bond Fund created solely for such purpose and will abate the Pledged Taxes. The District pledges to abate the levies for the Bonds only upon the timely full funding of the Bond Fund in the appropriate amount.

BOND FUND

The District will deposit the appropriate Pledged Revenues and the Pledged Taxes into the Bond Fund, which is established for the purpose of carrying out the covenants, terms and conditions imposed upon the District by the Bond Resolution. The Bonds are secured by a pledge of all of the Pledged Revenues on deposit in the Bond Fund and such pledge is irrevocable until the Bonds have been paid in full or until the obligations of the District are discharged under the Bond Resolution.

ADDITIONAL BONDS PAYABLE FROM PLEDGED REVENUES

In the Bond Resolution, the District will reserve the right to issue additional alternate bonds that will be payable from the Pledged Revenues on a parity with the Bonds, subject only to the conditions for the issuance of alternate bonds set forth in the Debt Reform Act, as from time to time amended. In that event, the covenant described above requiring the District to provide for, collect and apply the Pledged Revenues to the payment of the Bonds to the extent it is legally able to do so, would continue to apply, and the District's obligations with respect to the Pledged Taxes would remain.

RISK FACTORS

The ability of the District to pay the Bonds from the Pledged Revenues may be limited by circumstances beyond the control of the District. There is no guarantee that the Pledged Revenues will continue to be available at current levels.

To the extent that Pledged Revenues are insufficient to pay the Bonds, the Bonds are to be paid from the Pledged Taxes. If the Pledged Taxes are ever extended for the payment of the Bonds, the amount of the Bonds then outstanding will be included in the computation of indebtedness of the District for purposes of all statutory provisions or limitations until such time as an audit of the District shows that the Bonds have been paid from the Pledged Revenues for a complete fiscal year.

FINANCIAL GUARANTY INSURANCE

Payment Pursuant to Financial Guaranty Insurance Policy

Ambac Assurance has made a commitment to issue a financial guaranty insurance policy (the "Financial Guaranty Insurance Policy") relating to the Bonds effective as of the date of issuance of the Bonds. Under the terms of the Financial Guaranty Insurance Policy, Ambac Assurance will pay to The Bank of New York, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor (as such terms are defined in the Financial Guaranty Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Paying Agent/Bond Registrar. The insurance will extend for the term of the Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Financial Guaranty Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Bonds, Ambac Assurance will remain obligated to pay principal of and interest on outstanding Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Paying Agent/Bond Registrar has notice that any payment of principal of or interest on an Bond which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Financial Guaranty Insurance Policy does **not** insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Financial Guaranty Insurance Policy does **not** cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.
2. payment of any redemption, prepayment or acceleration premium.
3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee, Paying Agent or Bond Registrar, if any.

If it becomes necessary to call upon the Financial Guaranty Insurance Policy, payment of principal requires surrender of Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Financial Guaranty Insurance Policy. Payment of interest pursuant to the Financial Guaranty Insurance Policy requires proof of Holder entitlement to interest payments and an appropriate assignment of the Holder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Bond, appurtenant coupon, if any, or right to payment of principal or interest on such bond and will be fully subrogated to the surrendering Holder's rights to payment.

Ambac Assurance Corporation

Ambac Assurance Corporation ("Ambac Assurance") is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately **\$8,585,000,000** (unaudited) and statutory capital of approximately **\$5,251,000,000** (unaudited) as of **March 31, 2005**. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service and Fitch Ratings have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an Bond by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such bond and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its financial guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Obligor of the Bonds. Ambac Assurance makes no representation regarding the Bonds or the advisability of investing in the Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by Ambac Assurance and presented under the heading "**Financial Guaranty Insurance Policy**".

Available Information

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc. (the "NYSE"), 20 Broad Street, New York, New York 10005.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004 and filed on March 15, 2005;
2. The Company's Current Report on Form 8-K dated April 5, 2005 and filed on April 11, 2005;
3. The Company's Current Report on Form 8-K dated and filed on April 20, 2005;
4. The Company's Current Report on Form 8-K dated May 3, 2005 and filed on May 5, 2005; and
5. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2005 and filed on May 10, 2005.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "Available Information".

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (hereinafter referred to in this section as the "Securities"). The Securities will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock

Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered. The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the District and the Underwriter take no responsibility for the accuracy thereof, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NUMBER 215

LOCATION, ORGANIZATION AND GOVERNMENT

Thornton Fractional Township High School District Number 215 is situated in Southern Cook County and comprises an area of approximately 14 square miles. The District serves the Village of Lansing, most of the Village of Burnham and about half of the City of Calumet City. According to the 2000 US Census, the population of the District is 60,779.

The District is located approximately 27 miles south of downtown Chicago and is approximately 25 miles southeast of Midway Airport. Transportation needs are served by I-294/Tri-State Tollway, I-94/I-80 and I-90 as well as major local roads Torrence Avenue, Burnham Avenue and Ridge Road. Commuter service to downtown is provided by Metra's Electric Line. Travel time to the downtown station is about 45 minutes. Local bus service is available from PACE to reach additional surrounding communities.

Providing education for ninth through twelfth grade, the District operates three high school facilities and one administrative building. The District enrolled 3,228 students for the 2004-2005 academic year.

The District is governed by a seven-member Board of Education, elected at large for four year overlapping terms. Meetings are scheduled for the fourth Tuesday of each month at 7p.m., at the District Administrative Center at 1601 Wentworth Avenue, Calumet City, Illinois. Day-to-day operations are administered by the Superintendent and staff.

BOARD OF EDUCATION

Official	Position	Term Expires
Kathleen Manno	President	2009
Debbie Waitekus	Vice President	2009
Karen Walker-Kehl	Secretary	2009
Charles Maricich	Board Member	2007
Marcia Pavich	Board Member	2007
Henry Schneider	Board Member	2007
Natalie Owen	Board Member	2009

EDUCATIONAL FACILITIES

The District currently provides educational services at three location

School	Location	Grades	Approx # of Students
Thornton Fractional North High School	755 Pulaksi Rd., Calumet City	9 - 12	1,582
Thornton Fractional South High School	18500 Burnham Ave., Lansing	9 - 12	1,646
Thornton Fractional Center for Academics and Technology	1605 Wentworth Avenue, Calumet City	9 - 12	---*

* The Center receives students from the two main campuses.

ENROLLMENT TREND

The trend in total enrollment has been as follows:

<u>Academic Year</u>	<u>Enrollment</u>
1998/99	2,512
1999/00	2,533
2000/01	2,593
2001/02	2,747
2002/03	2,867
2003/04	3,074
2004/05	3,228

Source: The District

EMPLOYEES AND LABOR RELATIONS

In order to provide a wide variety of educational programs and services, the District maintains a qualified staff as follows:

<u>Personnel</u>	<u>2004-2005</u>
Superintendent	1
Assist. Supt.	1
Principals	3
Assist. Principals	6
Business Manager	1
Instructional	225
Support Services	124
TOTAL	361

Under the current contract, salary ranges for the teachers, based upon degree and experience, are approximately as follows:

<u>Degree</u>	<u>Experience</u>	<u>Salary (2004-2005)</u>
B.A.	No experience, starting	\$38,921
B.A. + 15 sem. hrs	14 years experience	67,278
M.A.	No experience, starting	42,449
M.A. + 15 sem. hrs	14 years experience	73,580

The District Education Association contract is in effect until August 23, 2006. The Association represents 225 full time equivalent staff. The last teachers' strike in the District was in October 1995 and was resolved within 13 days.

SOCIOECONOMIC INFORMATION

POPULATION DATA

<u>Name of Entity</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>% Change 1990-2000</u>
City of Burnham	4,030	3,916	4,170	6.5%
City of Calumet City	39,697	37,840	39,071	3.3%
Village of Lansing	29,039	28,086	28,332	0.9%
Cook County	5,253,628	5,105,067	5,376,741	5.3%
State of Illinois	11,427,409	11,430,602	12,419,293	8.6%

Source: U.S. Census Bureau, 2000 Census

ECONOMIC CHARACTERISTICS

Name of Entity	Median Gross Rent	Median Housing Value	Per Capita Income	Median Household Income
City of Burnham	\$ 621	\$ 90,400	\$ 16,747	\$ 39,053
City of Calumet City	630	90,300	18,123	38,902
Village of Lansing	658	118,700	22,547	47,554
Cook County	648	157,700	23,227	45,922
State of Illinois	605	130,800	23,104	46,590

Source: U.S. Census Bureau, 2000 Census

UNEMPLOYMENT RATES

Year	City of Calumet City	Village of Lansing	Cook County	State of Illinois
1999	5.5%	3.5%	4.5%	4.3%
2000	*	*	*	4.3%
2001	*	*	*	5.4%
2002	*	*	*	6.5%
2003	*	*	*	6.7%
2004	*	*	*	6.2%
2005	*	*	*	*

* The U.S. Bureau of Labor Statistics (BLS), which is responsible for developing labor force standards and methodology, has notified all states that they provided inputs for calculating sub-state employed estimates that were in error. While this does not affect the Illinois Statewide labor force data, various substate areas have been affected by the BLS error. The Illinois Department of Employment Security, like other states affected, must revise 2000-2005 labor force data (labor force, employed, unemployed and unemployment rate) for all sub-state areas (metropolitan areas, counties, cities, Local Workforce Investment Areas). The BLS has temporarily removed all sub-state labor force reports from their Web site until the data revisions have been completed. A schedule for the release of the revised sub-state labor force data has not yet been announced.

Source: State of Illinois Department of Employment Security

LARGEST AREA EMPLOYERS

Below is a listing of major employers in the area of the District:

<u>Company Name</u>	<u>Product or Service</u>	<u>Approx # of Employees</u>
Silver Line Building Products (1)	vinyl windows, patio doors	700
Rohm & Haas Co. (1)	automotive coatings	350
CSX Transportation (2)	railroad transportation	335
ORC Protel, Inc. (1)	telemarketing service	250
Land O'Frost Inc. (1)	meat packing & processing	250
Americall Corp (1)	telemarketing service	200
Kay Mfg. Co. (2)	automotive machining job shop	150
Guarantee Reserve (2)	life insurance	150
American School of Correspondence (1)	correspondence school	140
Coldwell Banker (1)	residential real estate	116

¹Village of Lansing.

²Village of Calumet City

Source: 2005 Illinois Manufacturers Directory and 2005 Illinois Services Directory

DEBT STRUCTURE

SUMMARY OF OUTSTANDING DEBT

The following table sets forth general obligation debt of the District as of the issuance of the Bonds.

<u>Type</u>	<u>Dated Date</u>	<u>Original Amount of Issue</u>	<u>Current Amount Outstanding</u>	<u>Maturity Date</u>
Limited School Bonds Series 1998	7/1/1998	\$3,100,000	\$1,165,000	12/1/2006
Series 2002 School Bonds	12/15/2002	9,995,000	9,280,000	12/1/22
Series 2003 School Bonds	2/1/2003	9,000,000	8,300,000	12/1/22
The Bonds	7/1/2005	6,000,000*	6,000,000*	12/1/2024
		<u>\$28,095,000*</u>	<u>\$24,745,000*</u>	

*preliminary, subject to change

DEBT REPAYMENT SCHEDULE – PRINCIPAL ONLY

The following table sets forth the general obligation debt repayment schedule of the District as of the issuance of the Bonds.

Calendar Year Ended Dec 30	The Bonds* Dec 1	Series 2003 School Bonds Dec 1	Series 2002 School Bonds Dec 1	Series 1998 Limited Bonds Dec 1	Total Outstanding Principal*	Cumulative Principal Retired*	
						Amount	Percent
2005	-	\$330,000	\$360,000	\$650,000	\$1,340,000	\$1,340,000	5.415%
2006	\$100,000	340,000	370,000	515,000	1,325,000	2,665,000	10.770%
2007	205,000	350,000	380,000	-	935,000	3,600,000	14.548%
2008	215,000	355,000	395,000	-	965,000	4,565,000	18.448%
2009	225,000	370,000	410,000	-	1,005,000	5,570,000	22.510%
2010	235,000	385,000	430,000	-	1,050,000	6,620,000	26.753%
2011	245,000	400,000	450,000	-	1,095,000	7,715,000	31.178%
2012	260,000	420,000	470,000	-	1,150,000	8,865,000	35.825%
2013	270,000	445,000	490,000	-	1,205,000	10,070,000	40.695%
2014	280,000	460,000	510,000	-	1,250,000	11,320,000	45.747%
2015	295,000	480,000	535,000	-	1,310,000	12,630,000	51.041%
2016	305,000	495,000	560,000	-	1,360,000	13,990,000	56.537%
2017	315,000	520,000	585,000	-	1,420,000	15,410,000	62.275%
2018	330,000	540,000	610,000	-	1,480,000	16,890,000	68.256%
2019	345,000	565,000	635,000	-	1,545,000	18,435,000	74.500%
2020	355,000	590,000	665,000	-	1,610,000	20,045,000	81.006%
2021	370,000	615,000	695,000	-	1,680,000	21,725,000	87.796%
2022	385,000	640,000	730,000	-	1,755,000	23,480,000	94.888%
2023	405,000	-	-	-	405,000	23,885,000	96.525%
2024	420,000	-	-	-	420,000	24,305,000	98.222%
2025	440,000	-	-	-	440,000	24,745,000	100.000%
Total	\$ 6,000,000 *	\$ 8,300,000	\$ 9,280,000	\$ 1,165,000	\$ 24,745,000		

*preliminary, subject to change

DEBT LIMIT

The District's statutory debt limit is 6.9% of the Equalized Assessed Valuation of all taxable property within the boundaries of the District. The following table sets forth the District's statutory debt limit as of the issuance of the Bonds.

	Statutory Debt Limit	
	Amount	% of Limit
2003 Equalized Assessed Valuation	750,119,963	
Statutory Debt limit @ 6.9% of EAV	\$51,758,277	100.00%
Total Bonds Applicable to Limit	\$24,745,000	47.81%
Less: Self Supporting Bonds*	(\$6,000,000)	
Remaining Debt Margin*	\$18,745,000	36.22%

*Preliminary, subject to change

(1) General Obligation Bonds (Alternate Revenue Source) payable from an alternate revenue source of the District do not count against the District's debt limit unless Pledged Taxes are extended pursuant to the general obligation full faith and credit pledge of the District.

DEBT STATEMENT

Total Direct Debt* \$ 24,745,000

ESTIMATED OVERLAPPING BONDED DEBT

<u>Taxing Body</u>	<u>Outstanding Debt</u>	<u>Applicable to the District</u>	
		<u>Percent</u>	<u>Amount</u>
Cook County	\$ 3,093,165,000	0.702%	21,705,291
Cook County Forest Preserve District	135,155,000	0.702%	948,407
Metropolitan Water Reclamation District	1,307,823,555	0.717%	9,375,473
<u>Municipalities</u>			
Village of Lansing	9,770,000	96.963%	9,473,293
Village of Burnham	610,000	72.402%	441,654
City of Calumet City	47,994,400	58.040%	27,855,844
<u>School Districts</u>			
School District 155	9,394,962	100.000%	9,394,962
School District 156	5,585,000	100.000%	5,585,000
School District 157	10,880,000	70.245%	7,642,652
School District 158	8,893,728	100.000%	8,893,728
School District 171	5,595,000	98.100%	5,488,717
South Suburban CCD 510	24,550,000	24.200%	5,941,063
<u>Park Districts</u>			
Calumet Memorial Park District	1,660,000	56.989%	946,022
			<u>Total Overlapping Bonded Debt: \$ 113,692,105</u>
			<u>Net Direct Debt and Overlapping Bonded Debt*: \$ 138,437,105</u>

District Estimated Population	60,779		
2003 Estimated Full Valuation	\$ 2,250,359,889		
2003 Equalized Assessed Valuation	\$ 750,119,963		
Estimated Full Value per Capita	\$ 37,025		
		<u>% Full Value</u>	<u>Per Capita</u>
Direct Debt:*	\$ 24,745,000	1.10%	\$ 407
Direct Debt and Overlapping Bonded Debt:*	\$ 138,437,105	6.15%	\$ 2,278

**Preliminary, subject to change*

PROJECTED DEBT SERVICE COVERAGE – ALTERNATE REVENUE BONDS

Levy Year	Pledged Revenues Available for Debt Service (1)	The Bonds Debt Service *	Debt Service Coverage of the Bonds*
2005	\$9,496,549	\$461,101	20.60
2006	9,496,549	455,395	20.85
2007	9,496,549	456,170	20.82
2008	9,496,549	456,388	20.81
2009	9,496,549	456,150	20.82
2010	9,496,549	455,458	20.85
2011	9,496,549	459,310	20.68
2012	9,496,549	457,480	20.76
2013	9,496,549	455,195	20.86
2014	9,496,549	457,455	20.76
2015	9,496,549	456,540	20.80
2016	9,496,549	454,950	20.87
2017	9,496,549	457,665	20.75
2018	9,496,549	459,465	20.67
2019	9,496,549	455,493	20.85
2020	9,496,549	455,938	20.83
2021	9,496,549	455,583	20.84
2022	9,496,549	459,413	20.67
2023	9,496,549	457,200	20.77
2024	9,496,549	459,140	20.68

*Preliminary, subject to change

(1) Pledged Revenues Available for Debt Service are comprised of the following revenues taken from the District's Fiscal Year 2004 Audited Financial Statement:

Total from Governmental Funds - Personal property replacement taxes *	\$	658,022
Total from Governmental Funds - Investment Earnings *		773,237
Total from Governmental Funds - Unrestricted State Aid *		5,949,894
Property Taxes – Operations & Maintenance Fund		2,115,396
	\$	<u>9,496,549</u>

* Governmental Funds are comprised of Education Fund, Working Cash Fund, Site & Construction and Non-major Governmental Funds.

FUTURE FINANCING

Other than the Bonds, the District currently has no plans to issue any additional debt in the next twelve months.

SHORT TERM DEBT

As of the issuance of the Bonds, the District does not have any short term debt outstanding.

HISTORY OF DEBT ADMINISTRATION

The District has never issued any obligations to avoid default nor has the District ever defaulted in the payment of any of its obligations.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

REAL PROPERTY ASSESSMENT

The County Assessor (the "County Assessor") is responsible for the assessment of all taxable real property within Cook County (the "County"), including that in the District, except for certain railroad property and pollution control facilities which are assessed directly by the Illinois Department of Revenue (the "Department of Revenue"). For triennial reassessment purposes, Cook County is divided into three sections: west and south suburbs, north and northwest suburbs, and the City of Chicago. The District is located in the southeast suburbs and was last assessed in 2002. The District will be reassessed in 2005.

Real property in the County is separated into classifications for assessment purposes. After the County Assessor establishes the fair market value of a parcel of property, that value is multiplied by the appropriate classification percentage to arrive at the assessed valuation (the "Assessed Valuation") for the parcel. The classification percentages range from 16% for certain residential, commercial and industrial property to 36% and 38%, respectively, for other industrial and commercial property.

Property is classified for assessment into six basic categories each of which is assessed at various percentages of fair market value as follows: Class 1) unimproved land - 22%; Class 2) residential - 16%; Class 3) rental-residential - 33%; Class 4) not-for-profit - 30%; Class 5a) commercial - 38%; Class 5b) industrial - 36%. There are also seven additional categories. Newly constructed industrial properties or substantially rehabilitated sections of existing industrial properties within the County may qualify for a Class 6b assessment level, which assessment level is 16% for the first 10 years and for any subsequent 10-year renewal periods. If the incentive is not renewed, the 6b assessment level is 23% in year 11 and 30% in year 12, thereafter reverting to Class 5b. Real estate which is to be used for industrial or commercial purposes where such real estate has undergone environmental testing and remediation may be eligible for a Class C assessment level. The Class C assessment level for industrial properties is 16% for the first 10 years, 23% in year 11 and 30% in year 12, thereafter reverting to Class 5b. Class C commercial properties are assessed at 16% for the first 10 years, 23% in year 11 and 30% in year 12, thereafter reverting to Class 5a. Commercial properties that are newly constructed or substantially rehabilitated and are within an area determined to be an area in need of commercial development may be classified as Class 7a or 7b property, and will then be assessed at a level of 16% for the first 10 years, 23% in year 11 and 30% in year 12, thereafter reverting to Class 5a. Certain commercial and industrial properties located in zones determined to be in need of substantial revitalization or in an enterprise community could be eligible for Class 8 assessments. The Class 8 assessment level for industrial properties is 16% for the first 10 years and for any subsequent 10-year renewal periods. If the incentive is not renewed, the Class 8 assessment level for industrial properties is 23% in year 11 and 30% in year 12, thereafter reverting to Class 5b. The Class 8 assessment level for commercial properties is 16% for the first 10 years, 23% in year 11 and 30% in year 12, thereafter reverting to Class 5a. Substantially rehabilitated or new construction multi-family residential properties within certain target areas, empowerment or enterprise zones, may be eligible for Class 9 categorization. The Class 9 assessment level is 16% for an initial 10-year period, renewable for one additional 10-year period at 16%. When the Class 9 assessment level expires, the assessment level reverts to the applicable classification. Rental-residential (Class 3) properties subject to a Section 8 contract that has been renewed under the "Mark Up To Market" option may qualify for a Class S assessment level. The Class S assessment level is 16% for the term of the Section 8 contract renewal under the Mark Up To Market option, and for any additional terms of renewal of the Section 8 contract under the Mark Up To Market option. When the Class S assessment level expires, the assessment level reverts to Class 3. Substantially rehabilitated properties which are designated as Class 3, Class 4, Class 5a, or Class 5b and which qualify as Landmark or Contributing buildings may qualify for a Class L assessment level. The Class L assessment level for Class 3, 4, or 5b properties is 16% for the first 10 years and for any subsequent 10-year renewal periods. If the incentive is not renewed, the Class L assessment level is 23% in year 11 and 30% in year 12, thereafter reverting to Class 3, 4, or 5b. Class L commercial properties are assessed at 16% for the first 10 years, 23% in year 11 and 30% in year 12, thereafter reverting to Class 5a.

The Assessor has established procedures enabling taxpayers to contest their tentative Assessed Valuations. Once the Assessor certifies final Assessed Valuations, a taxpayer can seek review of its assessment through a process that has been modified as a result of amendments (the "Amendments") to the Property Tax Code (the "Property Tax Code"). Prior to January 1, 1996, a taxpayer generally was required to seek a review of its assessment by filing a complaint with the Cook County Board of Appeals, from which there was generally no

further appeal. However, pursuant to the Amendments, the Cook County Board of Appeals was replaced on the first Monday in December 1998 by a Board of Review consisting of three commissioners elected by the voters of the County. The Board of Review has powers similar to, but somewhat broader than, those previously vested in the Board of Appeals to review and adjust Assessed Valuations set by the Assessor. The Board of Appeals remained in existence until it was replaced by the Board of Review in December 1998.

The Amendments also provide that beginning with assessments for the year 1996, owners of residential property having six or fewer units are able to appeal decisions of the Board of Appeals or the Board of Review to the Illinois Property Tax Appeal Board (the "PTAB"), a state-wide administrative body. Owners of real estate other than residential property with six or fewer units are now able to appeal Assessed Valuations to the PTAB. The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight of the evidence. Taxpayers may appeal the decision of the PTAB to either the Circuit Court of Cook County or the Illinois Appellate Court under the Illinois Administrative Review Law.

As an alternative to seeking review of Assessed Valuations by the PTAB, taxpayers who have first exhausted their remedies before the Board of Appeals or the Board of Review may file an objection in the Circuit Court of Cook County similar to the previous judicial review procedure but with a different standard of proof than that previously required. In addition, in cases where the Assessor agrees that an assessment error has been made after tax bills have been issued, the Assessor can correct the Assessed Value, and thus reduce the amount of taxes due, by issuing a Certificate of Error.

EQUALIZATION

After the County Assessor has established the Assessed Valuation for each parcel for a given year, and following any revisions by the Board of Tax Appeals, the Board of Review or the PTAB, the Department of Revenue is required by statute to review the Assessed Valuations. The Department of Revenue establishes an equalization factor (the "Equalization Factor"), commonly called the "multiplier," for each county to make all valuations uniform among the 102 counties in the State. Under State law, the aggregate of the assessments within each county is to be equalized at 33 1/3% of the estimated fair cash value of real property located within the county prior to any applicable exemptions. One multiplier is applied to all property in Cook County, regardless of its assessment category, except for some farmland property which is not subject to equalization. Once the Equalization Factor is established, the Assessed Valuation, as revised by the Board of Tax Appeals, the Board of Review or the PTAB, is multiplied by the Equalization Factor to determine the equalized assessed valuation (the "Equalized Assessed Valuation") of that parcel. The Equalized Assessed Valuation for each parcel is the final property valuation used for determination of tax liability. The aggregate Equalized Assessed Valuation for all parcels in any taxing body's jurisdiction, plus the valuation of property assessed directly by the State, constitutes the total real estate tax base for the taxing body and is the figure used to calculate tax rates (the "Assessment Base"). The following table sets forth the Equalization Factor for Cook County for the last ten tax levy years.

TAX LEVY YEAR	EQUALIZATION FACTOR
1993	2.1407
1994	2.1135
1995	2.1243
1996	2.1517
1997	2.1489
1998	2.1799
1999	2.2505
2000	2.2505
2001	2.3098
2002	2.4689
2003	2.4598

EXEMPTIONS

Public Act 93-0715, effective July 12, 2004, made changes to a number of property tax exemptions taken by residential property owners. These changes are discussed below.

An annual General Homestead Exemption provides that the Equalized Assessed Valuation ("EAV") of certain property owned and used for residential purposes ("*Residential Property*") may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$4,500 for taxable years prior to tax year 2004 and \$5,000 for each taxable year thereafter (the "*General Homestead Exemption*").

The new law creates the Alternative General Homestead Exemption (the "*Alternative General Homestead Exemption*") which caps property tax assessment increases for homeowners at 7% a year for a total of three years. Homes that do not increase by at least 7% a year are entitled to the General Homestead Exemption as discussed above. However, pursuant to an ordinance adopted by the County on July 13, 2004, the County has elected to allow the amount of the Alternative General Homestead Exemption to be increased to an amount not greater than \$20,000 for taxable years 2003, 2004 and 2005 in the City of Chicago, for taxable years 2004, 2005 and 2006 in the North Suburbs, and for taxable years 2005, 2006 and 2007 in the South and West Suburbs. Specifically, the amount of the Alternative General Homestead Exemption is the EAV of the Residential Property for the current tax year minus the Adjusted Homestead Value. Assessors calculate the Adjusted Homestead Value by determining the lesser of (i) the homestead property's Base Homestead Value increased by 7% for each tax year after the base year (2002) through and including the current tax year or (ii) the EAV of the homestead property for the current tax year minus \$4,500 in tax year 2003 or \$5,000 in all counties in tax year 2004 and thereafter. The Base Homestead Value equals the EAV of the homestead property for the base year prior to exemptions, minus \$4,500 in tax year 2003 or \$5,000 in all counties in tax year 2004 and thereafter. Furthermore, for the first tax year that the Alternative General Homestead Exemption no longer applies, there shall be an additional General Homestead Exemption of \$5,000 awarded to Residential Property owners (i) who have not been granted a Senior Citizens Assessment Freeze Exemption for the taxable year, (ii) whose Residential Property has increased by more than 20% over the previous assessed valuation and (iii) who have a household income of \$30,000 or less. In 2006, the General Assembly will reevaluate the expanded exemption and decide if the Alternative General Homestead Exemption will expire or be renewed.

Additional exemptions exist for (i) senior citizens, with the exemption operating annually to reduce the EAV on a senior citizen's home by \$2,500 for taxable years prior to 2004 and \$3,000 for taxable year 2004 and thereafter; and (ii) disabled veterans, with the exemption operating annually to exempt up to \$58,000 of the Assessed Valuation of property owned and used exclusively by such veterans or their spouses for residential purposes. Residential Properties that have been improved or rebuilt following a catastrophic event are entitled to the Homestead Improvement Exemption limited to \$45,000 through December 31, 2003, and \$75,000 per year beginning January 1, 2004 to the extent the assessed value is attributable solely to such improvements or rebuilding. A Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older and have annual incomes of \$35,000 or less prior to taxable year 1999, annual incomes of \$40,000 or less in taxable years 1999 through 2003 and \$45,000 or less in taxable year 2004 and thereafter. In general, the Exemption limits the annual real property tax bill of such property by granting to qualifying senior citizens an exemption as to a portion of the valuation of their property. The exempt amount is the difference between the current EAV of their residence and the EAV of their residence for the year prior to the year in which the senior citizen first qualifies and applies for the Exemption (plus the EAV of improvements since such year). Beginning with assessment year 2003, for taxes payable in 2004, property that is first occupied as a residence after January 1 of any assessment year by a person who is eligible for the Senior Citizens Homestead Exemption must be granted a pro-rata exemption for the assessment year based on the number of days during the assessment year that the property is occupied as a residence by a person eligible for the exemption. The Homeowner Exemption for Long-term Properties ("*H.E.L.P.*") provides relief to certain longtime homeowners in established neighborhoods facing a dramatic rise in property taxes attributable to gentrification. H.E.L.P. exempts from property tax an amount equal to the current EAV for an eligible property which exceeds the sum of: (i) the EAV for the year prior to reassessment; plus (ii) the prior year EAV multiplied by a factor equal to 150% of the average assessment increase for the most current reassessment of the assessment district. To qualify for the exemption, a homeowner must own and occupy Class 2 property for ten years or more as their principal residence, or five years or more if the owner received governmental assistance in acquiring the property. In addition, certain property is exempt from taxation on the basis of ownership and/or use, such as public parks, not-for-profit and public schools, churches, and not-for-profit and public hospitals.

TAX LEVY

As part of the annual budgetary process of governmental units (the "Units") with power to levy taxes in the County, proceedings are adopted by the designated body for each Unit each year in which they determine to levy real estate taxes. The administration and collection of real estate taxes is statutorily assigned to the County Clerk and the County Treasurer. After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit. The Cook County Clerk uses the prior year's Equalized Assessed Valuation (EAV) to compute the taxing district's maximum allowable levy. The maximum that can be raised for a Unit is the maximum tax rate for that Unit multiplied by the prior year EAV for all property currently in the district. The prior year EAV includes the prior year EAV plus the EAV of any new property, the current year value of any annexed property, and any recovered tax increment value, minus any disconnected property for the current year under the Property Tax Extension Limitation Law ("Limitation Law"). The tax rate for a Unit is computed by dividing the lesser of the maximum allowable levy or the actual levy by the current year EAV.

PROPERTY TAX EXTENSION LIMITATION LAW

The Limitation Law is applied after the prior year EAV limitation. The Limitation Law limits the annual growth in the amount of property taxes to be extended for certain Illinois non-home rule units, including the District. The effect of the Limitation Law is to limit the amount of property taxes that can be extended for a taxing body. In addition, general obligation bonds, notes and installment contracts payable from ad valorem taxes unlimited as to rate and amount cannot be issued by the affected taxing bodies unless they are approved by referendum, are alternate bonds or are for certain refunding purposes.

The use of prior year EAV to limit the allowable tax levy may reduce tax rates for funds that are at or near their maximum rates in districts with rising EAVs. These reduced rates and all other rates for those funds subject to the Limitation Law are added together, which results in the aggregate preliminary rate. The aggregate preliminary rate is then compared to the limiting rate. If the limiting rate is more than the aggregate preliminary rate, there is no further reduction in rates due to the Limitation Law. If the limiting rate is less than the aggregate preliminary rate, the aggregate preliminary rate is further reduced to the limiting rate. In all cases, taxes are extended using current year EAV under Section 18-140 of the Property Tax Code.

In general, the annual growth permitted under the Limitation Law is the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Taxes can also be increased due to new construction, referendum approval of tax rate increases, mergers and consolidations. Local governments, including the District, can issue limited tax bonds in lieu of general obligation bonds that have otherwise been authorized by applicable law.

EXTENSIONS

The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all of the Units having jurisdiction over the particular parcel. The County Clerk extends the tax by entering the tax (determined by multiplying the total tax rate by the Equalized Assessed Valuation of that parcel for the current tax year) in the books prepared for the County Collector (the "Warrant Books") along with the tax rates, the Assessed Valuation and the Equalized Assessed Valuation. The Warrant Books are the County Collector's authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

COLLECTIONS

Property taxes are collected by the County Collector, who is also the County Treasurer, who remits to each Unit its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first due on March 1 and the second on the later of August 1 or 30 days after the mailing of the tax bills. A payment due is deemed to be paid on time if the payment is postmarked on the due date. The first installment is equal to one-half of the prior years' tax bill. However, if a certificate of error is approved by a court or certified on or before November 30 of the preceding year and before the estimated tax bills are prepared, then the first installment is instead equal to one-half of the *corrected* prior year's tax bill. The second installment is for the balance of the current year's tax bill, and is based on the then current tax year levy, assessed value and Equalization Factor, and reflects any changes from the prior year in those factors. The following table sets forth

the second installment penalty date for the last ten tax levy years in Cook County; the first installment penalty date has been March 1 for all such years.

TAX LEVY YEAR	SECOND INSTALLMENT PENALTY DATE
1993	September 1, 1994
1994	November 3, 1995
1995	September 11, 1996
1996	September 19, 1997
1997	October 28, 1998
1998	November 1, 1999
1999	October 2, 2000
2000	November 2, 2001
2001	November 1, 2002
2002	October 1, 2003
2003	November 15, 2004

It is possible that the changes to the assessment appeals process described above will cause delays similar to those experienced in past years in preparation and mailing of the second installment in future years. The County may provide for tax bills to be payable in four installments instead of two. However, the County has not required payment of tax bills in four installments. During the periods of peak collections, tax receipts are forwarded to each Unit on a weekly basis. Upon receipt of taxes from the County Collector, the District promptly credits the taxes received to the funds for which they were levied.

At the end of each collection year, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court orders resulting from the application for judgment provides for an annual tax sale (the "Annual Tax Sale") of unpaid taxes shown on that year's Warrant Books. A public sale is held, at which time successful tax buyers pay the unpaid taxes plus penalties. Unpaid taxes accrue penalties at the rate of 1.5% per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus a maximum of 12% for each six month period after the sale. If no redemption is made within the applicable redemption period (ranging from six months to two and one-half years depending on the type and occupancy of the property) and the tax buyer files a petition in the Circuit Court, notifying the necessary parties in accordance with the applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, the taxes are forfeited and the property becomes eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes and interest accrued to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale.

The scavenger sale (the "Scavenger Sale"), like the Annual Tax Sale, is a sale of unpaid taxes. The Scavenger Sale is scheduled to be held every two years on all property on which two or more years' taxes are delinquent. The sale price of the unpaid taxes is the amount bid at such sale, which may be less than the amount of delinquent taxes. Redemption periods vary from six months to two and one-half years depending upon the type and occupancy of the property.

TRUTH IN TAXATION LAW

Legislation known as the Truth in Taxation Law (the "Law") limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels.

DISTRICT TAX BASE INFORMATION

DISTRICT EQUALIZED ASSESSED VALUATION

Year	EAV	Percent Change
1998	\$587,480,721	1.47% *
1999	647,687,695	10.25%
2000	634,403,907	-2.05%
2001	650,774,456	2.58%
2002	760,893,406	16.92%
2003	750,119,963	-1.42%

* Based on District's 1997 EAV of \$578,995,391
Source: County Clerk's Office

COMPOSITION OF DISTRICT'S 2003* EQUALIZED ASSESSED VALUATION

Property Type	EAV	% of Total
Residential	\$481,569,030	63.290%
Commercial	177,040,739	23.267%
Industrial	99,762,550	13.111%
Farm	127,451	0.017%
Railroad	2,393,636	0.315%
Total	\$760,893,406	100.000%

* The 2003 EAV breakdown is the most current available
Source: County Clerk's Office

TAX EXTENSIONS AND COLLECTIONS

Levy Year	Collection Year	Net Tax Extension	Total Collections	Percent Collected
1998	1999	\$20,156,464	\$19,621,939	97.35%
1999	2000	20,667,714	20,327,224	98.35%
2000	2001	20,586,407	20,153,703	97.90%
2001	2002	21,345,402	20,826,972	97.57%
2002	2003	23,245,294	22,305,992	95.96%
2003	2004	23,823,810	22,798,058	95.69%
2004	2005	24,170,995*	10,304,705**	42.63%

* District's estimate of 2004 collections.

** 2004 levy collections as of April 30, 2005, per the District

Note: Tax payments, including late payments and proceeds from sales, are shown as collections in the year when due.

Sources: Extensions: Cook County Tax Extension Office ; Collections: District

TAX RATE TREND PER \$100 OF EQUALIZED ASSESSED VALUATION

<u>Fund</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>Maximum Authorized Rate</u>
IMRF	\$0.0263	\$0.0278	\$0.0203	\$0.0237	\$0.0135	\$0.0069	None
Social Security	0.0657	0.0676	0.0568	0.0752	0.0711	0.0721	None
Liability Insurance	0.0946	0.0763	0.0325	0.0502	0.0261	0.0027	None
Transportation	0.0701	0.0795	0.0162	0.0791	0.0697	0.0618	0.1200
Education	2.5569	2.3732	2.5842	2.5262	2.2187	2.3892	2.5842
Building	0.3463	0.3214	0.3500	0.3421	0.3005	0.2746	0.3500
Building Bonds	0.1000	0.0000	0.0000	0.0000	0.1975	0.2006	None
Working Cash Funds	0.0495	0.0459	0.0500	0.0489	0.0429	0.0500	0.0500
Life Safety	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0500
Special Education	0.0198	0.0184	0.0200	0.0196	0.0172	0.0183	0.0200
Life Safety Bond	0.1013	0.1808	0.0000	0.0000	0.0000	0.0000	None
Limited Bonds	0.0000	0.0000	0.1141	0.1149	0.0978	0.0993	None
	<u>\$3.4305</u>	<u>\$3.1909</u>	<u>\$3.2441</u>	<u>\$3.2799</u>	<u>\$3.0550</u>	<u>\$3.1755</u>	

Source: County Clerk's Office

REPRESENTATIVE TAX RATE PER \$100 OF EQUALIZED ASSESSED VALUATION

The following is a representative 2003 tax rate for a District property owner.

<u>Taxing District</u>	<u>03 Tax Rate</u>
Cook County	\$ 0.630
Consolidated Elections	0.029
Forest Preserve District	0.059
Thornton Township	0.411
General Assistance	0.100
Road and Bridge	0.016
Village of Lansing	1.144
Village of Lansing Library Fund	0.359
School District 158	4.333
HSD 205/Annex HSD 215	0.000
Thornton Fractional HSD 215	3.176
South Suburban College Dist 510	0.403
Lan-Oak Park District	0.302
Metropolitan Water Reclamation Dist	0.361
South Cook Cnty Mosquito Abatement Dist	0.013
Suburban Sanitarium	0.004
	<u>11.340</u>

Source: County Clerk's Office

LARGEST TAXPAYERS

The following are among the largest taxpayers in or near the District.

Name	Product or Service	2003 EAV
Simon Property Group	Real Estate Holdings	\$ 47,200,593
Sears	Retail Department Store	17,688,525
Wal-Mart	Discount Retail	11,271,460
Amalgamated Bank	Bank	10,581,907
CNC		8,266,505
Individual	Individual	7,486,458
Inland Real Estate	Real Estate	5,975,167
JC Penny	Retail Department Store	5,903,515
Waterton Assoc.	Property Management	5,759,073
Temperature Equipment Corp.	Mechanical Contractors	5,727,401
	TOTAL	\$125,860,604
	Total as % of 2003 EAV	17%

Source: County Assessor's Office. Note that valuations are obtained from the warrant book which provides details as to owner, valuation, tax bill amount, etc. for each parcel in the County. These books are searched, noting larger assessed valuations within the District. Since a taxpayer may own numerous parcels in the District, such a taxpayer may be overlooked. Thus, the valuations presented herewith are noted as approximations.

FINANCIAL INFORMATION

SOURCES OF REVENUE

The following table details the District's revenue sources for the General Fund.

	2001	2002	2003	2004
Local Sources	73%	73%	70%	68%
State Sources	24%	24%	25%	29%
Federal Sources	3%	3%	4%	4%
	100%	100%	100%	100%

SUMMARY OF OPERATIONS

The accompanying financial statements are prepared on the cash basis of accounting. Under the cash basis of accounting, revenues are recognized and recorded in the accounts when cash is received. Expenditures are recognized and recorded upon the disbursement of cash.

The following tables contain information from the annual audits of the District but do not purport to be the complete audits, copies of which are available upon request from the District. See Appendix A for a copy of the District's 2004 fiscal year audit.

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – CASH BASIS
GENERAL FUND
FISCAL YEAR ENDING JUNE 30**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<u>REVENUES</u>				
Local Sources	\$ 20,441,734	\$ 19,910,752	\$ 19,402,570	\$ 21,073,497
State Sources	6,678,567	6,652,425	7,023,998	8,926,684
Federal Sources	968,886	694,254	1,132,654	1,099,019
TOTAL	\$ 28,089,187	\$ 27,257,431	\$ 27,559,222	\$ 31,099,200
<u>EXPENDITURES</u>				
Instruction	\$ 14,863,580	\$ 17,094,758	\$ 18,354,352	\$ 19,667,905
Support Services	11,595,815	11,324,530	12,002,643	11,313,982
Community Services	96,868	9,307	11,062	13,238
Non-Programmed Charges	1,221,207	1,416,342	1,435,899	2,204,577
Debt Service P&I	162,218	162,218	153,899	70,530
Capital Outlay	1,832,756	573,215	303,723	187,160
TOTAL	\$ 29,772,444	\$ 30,580,370	\$ 32,261,578	\$ 33,457,392
Excess of Revenue Received Over (Under)				
Expenditures Disbursed	\$ (1,683,257)	\$ (3,322,939)	\$ (4,702,356)	\$ (2,358,192)
<u>OTHER FINANCING SOURCES (USES)</u>				
Other	\$404,950	\$508,004	\$0	\$4,000,000
TOTAL	\$ 404,950	\$ 508,004	\$ -	\$ 4,000,000
Excess of Revenue Collected and Other Financing Sources Over (Under) Expenses Paid & Other Uses	\$ (1,278,307)	\$ (2,814,935)	\$ (4,702,356)	\$ 1,641,808
Beginning General Fund Balance	\$ 10,378,655	\$ 9,100,348	\$ 6,154,136	\$ 1,451,780
Ending General Fund Balance	<u>\$ 9,100,348</u>	<u>\$ 6,285,413</u>	<u>\$ 1,451,780</u>	<u>\$ 3,093,588</u>
Net Adjustments to Reconcile to GAAP Basis		\$ (131,277)		
Fund Balance, As Restated		<u>\$6,154,136</u>		

WORKING CASH FUND

The District is authorized to issue general obligation bonds to create a Working Cash Fund. Such fund can also be created or increased by a levy of an annual tax not to exceed \$.05 per hundred dollars of equalized assessed valuation. The purpose of the fund is to enable the District to have sufficient money to meet demands for ordinary and necessary expenditures for school operating purposes. In order to achieve this purpose, the money in the Working Cash Fund may be loaned, in whole or in part, as authorized and directed by the Board of Education of the District, to any fund of the District in anticipation of the receipt by the District of money from the State of Illinois, the Federal government or other sources, or in anticipation of corporate personal property replacement taxes to be received by the District. The Working Cash Fund is reimbursed when the anticipated taxes or money are received by the District. The District's Working Cash Fund had a balance of \$2,520,570 as of June 30, 2004.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – CASH BASIS WORKING CASH FUND FISCAL YEAR ENDING JUNE 30

	2001	2002	2003	2004
<u>OPERATING REVENUES</u>				
Local Sources	\$ 697,505	\$ 508,030	\$ 446,150	\$ 400,959
TOTAL	\$ 697,505	\$ 508,030	\$ 446,150	\$ 400,959
Operating Transfers In (Out)	-	(508,004)	(211,445)	(4,000,000)
Net Income	\$ 697,505	\$ 26	\$ 234,705	\$(3,599,041)
Beginning Working Cash Fund Balance	\$ 5,187,374	\$ 5,884,879	\$ 5,884,905	\$ 6,119,610
Ending Working Cash Fund Balance	\$ 5,884,879	\$ 5,884,905	\$ 6,119,610	\$ 2,520,569

PENSION AND RETIREMENT PLAN

In addition to Social Security, the District participates in two retirement systems: The Teachers' Retirement System of the State of Illinois ("TRS") and the Illinois Municipal Retirement Fund ("IMRF"). Information regarding the District's obligations to these systems is described in the Audited Financial Statements for the fiscal year ending June 30, 2004, Note 12.

CONTINUING DISCLOSURE

The District will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c-12 (the "Rule") adopted by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934. The information which is to be provided on an annual basis, the events which will be reported on an occurrence basis and the other terms of the Undertaking, including termination, amendment and remedies, are set forth in Appendix C, "FORM OF THE CONTINUING DISCLOSURE UNDERTAKING."

The District has represented that it is in compliance with each and every undertaking previously entered into by it pursuant to the Rule. A failure by the District to comply with the Undertaking will not constitute a default under the Bond Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See Appendix C, "FORM OF THE CONTINUING DISCLOSURE UNDERTAKING." A failure by the District to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of

the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability or the liquidity of the Bonds and their market price.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

UNDERWRITING

Griffin, Kubik, Stephens & Thompson, Inc. (the "Underwriter"), has agreed to purchase the Bonds from the District at a purchase price of \$_____ (consisting of the original par amount of the Bonds plus \$_____ net original issue premium and less \$_____ underwriting discount) plus accrued interest to the date of delivery. The Underwriter intends to reoffer the Bonds at a weighted average price of _____ of the original principal amount of the Bonds.

TAX MATTERS

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the District's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is not includible in the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations and in computing the "branch profits tax" imposed on certain foreign corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the District with respect to certain material facts solely within the District's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (excluding S Corporations, Regulated Investment Companies, Real Estate Investment Trusts, REMICs and FASITs) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include all tax exempt interest, including interest on the Bonds.

Under the provisions of Section 884 of the Code, a branch profits tax is levied on the "effectively connected earnings and profits" of certain foreign corporations, which include tax-exempt interest such as interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity, the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary

income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service will treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

QUALIFIED TAX EXEMPT OBLIGATIONS

Subject to the District's compliance with certain covenants, in the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable tax treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel (the "Bond Counsel"), who has been retained by, and acts as, Bond Counsel to the District. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Near Final Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Near Final Official Statement, except that in its capacity as Bond Counsel, Chapman and Cutler LLP has, at the request of the Underwriter, supplied the information under the heading "TAX MATTERS."

ABSENCE OF MATERIAL LITIGATION

There is no controversy or litigation of any nature now pending or, to the knowledge of the District, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or the levy and collection of taxes to pay the same; or questioning the proceedings or authority pursuant to which the Bonds are issued and taxes levied, or questioning or relating to the validity of the Bonds or contesting the corporate existence of the District or the titles of its present officers to the respective offices.

BOND RATING

Standard and Poor's has assigned its municipal bond rating of "AAA" to the Bonds with the understanding that upon delivery of the Bonds, a Policy insuring the scheduled payment of principal of and interest on the Bonds will be issued by AMBAC Assurance Corporation.

Standard & Poor's has assigned an underlying rating of "A" with regard to the capacity of the District to pay the Bonds, subject to delivery of the Bonds, without giving effect to the third party financial guarantee which applies to the Bonds.

These ratings may be changed, suspended or withdrawn as a result of changes in, or unavailability of information and such change in ratings may have an effect on the market price of the Bonds.

THE NEAR FINAL OFFICIAL STATEMENT

This Near Final Official Statement includes the cover page, reverse thereof, Statement Summary, and the Appendices hereto.

All references to material not purporting to be quoted in full are only summaries of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is hereby made to such instruments, documents and other materials for the complete provision thereof, copies of which will be furnished upon request to the District.

ACCURACY AND COMPLETENESS OF THE NEAR FINAL OFFICIAL STATEMENT

This Near Final Official Statement has been approved for distribution to prospective purchasers and the Underwriter of the Bonds, by the District. All of the statements and data presented herein have been obtained from reliable sources and are believed to be correct but are not guaranteed by the District.

The District's officials will provide to the original purchaser of the Bonds at the time of delivery of the Bonds, a certificate confirming to the purchaser that, to the best of their knowledge and belief, the Near Final Official Statement and Final Official Statement, with respect to the Bonds, at the time of the sale and delivery of the Bonds, was true and correct in all material respects and did not at any time contain an untrue statement of a material fact or omit to state a material fact required to be stated, where necessary to make the statements, in light of the circumstances under which they were made, not misleading.

President, Board of Education
Thornton Fractional Township High School
District Number 215
Cook County, Illinois

Date: July ____, 2005

Appendix A

Audited Financial Statements for

**Thornton Fractional Township High School District Number 215
Cook County, Illinois**

for the Year Ended June 30, 2004

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL
 DISTRICT NO. 215, COOK COUNTY, ILLINOIS
 ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2004

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
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John Kasperek Co., Inc.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Board of Education
Thornton Fractional Township High School District No. 215
Calumet City, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Thornton Fractional Township High School District No. 215, as of and for the year ended June 30, 2004, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Thornton Fractional Township High School District No. 215 management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Thornton Fractional Township High School District No. 215, as of June 30, 2004, and the respective changes in financial position thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2004, on our consideration of Thornton Fractional Township High School District No. 215's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Thornton Fractional Township High School District No. 215's basic financial statements. The accompanying budgetary comparison schedules listed as Required Supplementary Information in the table of contents are supplementary information required by the Governmental Accounting Standards Board and the accompanying schedules listed as Other Supplementary Information in the table of contents are presented for purposes of additional analysis. Such information is not a required part of the basic financial statements of Thornton Fractional Township High School District No. 215; however, it has been subjected to the auditing procedures applied in the audit of the basic financial statements referred to above and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Governmental Accounting Standards Board has determined that a management's discussion and analysis is necessary to supplement, although not required to be part of, the basic financial statements. Thornton Fractional Township High School District No. 215 has not presented this supplementary information.

John Kasperuk Co., Inc.

October 9, 2004

John Kasperuk Co., Inc.

Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education
Thornton Fractional Township High School District No. 215
Calumet City, Illinois

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Thornton Fractional Township High School District No. 215, as of and for the year ended June 30, 2004, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 9, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Thornton Fractional Township High School District No. 215's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters of the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether Thornton Fractional Township High School District No. 215's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the School Board, the Illinois State Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

John Kasperuk Co., Inc.
October 9, 2004

Telephone: (708) 862-2262 / Facsimile (708) 891-3396
1471 Ring Road / Calumet City, Illinois 60409

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF NET ASSETS
JUNE 30, 2004

	Governmental Activities
ASSETS	
Cash/investments - pooled accounts	\$ 9,278,371
Cash at district	35,000
Restricted investments	15,364,968
Property taxes receivable, net	12,111,797
Due from other governments	1,436,740
Accrued interest receivable	235,993
Capital assets	
Land	560,301
Construction-in-progress	6,717,131
Depreciable capital assets, net	4,529,941
Total capital assets, net of depreciation	<u>11,807,373</u>
TOTAL ASSETS	\$ 50,270,242
LIABILITIES	
Accounts payable	\$ 1,245,636
Accrued payroll and related items	117,846
Deferred revenue	11,783,798
Due to other governments	54,859
Other current liabilities	10,000
Accrued interest payable	72,200
Long-term liabilities	
Portion due or payable within one year	
Bonds and other long-term debt	1,340,403
Accrued compensated absences	205,681
Portions due or payable after one year	
Bonds and other long-term debt	18,869,400
Accrued compensated absences	<u>122,630</u>
TOTAL LIABILITIES	<u>33,822,453</u>
NET ASSETS	
Invested in capital assets, net of related debt	6,763,246
Restricted for	
Debt service	1,267,844
Other purposes	10,666
Unrestricted	<u>8,406,033</u>
TOTAL NET ASSETS	\$ 16,447,789

The accompanying notes are an integral part of this statement

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004

	Educational	Working Cash	Site and Construction	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash/investments - pooled accounts	\$ 3,079,250	\$ 2,515,736	\$ (20,673)	\$ 3,704,038	\$ 9,278,371
Cash at district	35,000	-	-	-	35,000
Investments	-	-	15,364,968	-	15,364,968
Property taxes receivable, net	9,187,413	190,386	-	2,733,998	12,111,797
Due from other governments	556,761	-	-	879,979	1,436,740
Accrued interest on investments	-	-	235,993	-	235,993
TOTAL ASSETS	<u>\$ 12,858,424</u>	<u>\$ 2,706,122</u>	<u>\$ 15,580,288</u>	<u>\$ 7,318,035</u>	<u>\$ 38,462,869</u>
LIABILITIES					
Accounts payable	\$ 375,502	\$ -	\$ 719,099	\$ 151,035	\$ 1,245,636
Accrued payroll and related liabilities	71,710	-	-	46,136	117,846
Deferred revenue	9,388,273	185,552	-	3,481,645	13,055,470
Due to other governments	54,859	-	-	-	54,859
Other current liabilities	-	-	-	10,000	10,000
TOTAL LIABILITIES	<u>9,890,344</u>	<u>185,552</u>	<u>719,099</u>	<u>3,688,816</u>	<u>14,483,811</u>
FUND BALANCES					
Reserved	10,666	-	-	-	10,666
Unreserved	2,957,414	2,520,570	14,861,189	-	20,339,173
Unreserved, reported in nonmajor:					
Special revenue funds	-	-	-	756,622	756,622
Debt service funds	-	-	-	1,338,044	1,338,044
Capital projects funds	-	-	-	1,534,553	1,534,553
TOTAL FUND BALANCES	<u>2,968,080</u>	<u>2,520,570</u>	<u>14,861,189</u>	<u>3,629,219</u>	<u>23,979,058</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,858,424</u>	<u>\$ 2,706,122</u>	<u>\$ 15,580,288</u>	<u>\$ 7,318,035</u>	<u>\$ 38,462,869</u>

The accompanying notes are an integral part of this statement

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2004

Total fund balances for governmental funds (page 6)	\$ 23,979,058
Amounts reported for governmental activities in the statement of net assets (page 4) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	11,807,373
Some of the District's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.	
Restricted state aid (special education and transportation claims)	\$ 1,271,672
Investment earnings	<u> </u> 1,271,672
Accrued interest payable on long-term liabilities is not currently due and therefore is not reported in the funds.	(72,200)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Bonds payable	(20,045,000)
Capital lease obligations	(164,803)
Accrued compensated absences	<u>(328,311)</u> (20,538,114)
 NET ASSETS (page 4)	 <u>\$ 16,447,789</u>

The accompanying notes are an integral part of this statement

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2004

	Educational	Working Cash	Site and Construction	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 17,077,571	\$ 339,501	\$ -	\$ 5,396,100	\$ 22,813,172
Personal property replacement taxes	310,011	-	-	348,011	658,022
Charges for services	1,136,272	-	-	46,613	1,182,885
Investment earnings	98,952	61,458	540,289	72,538	773,237
Unrestricted state aid	5,349,894	-	-	600,000	5,949,894
Restricted state aid	801,178	-	-	761,841	1,563,019
State retirement contributions	2,375,612	-	-	-	2,375,612
Restricted federal aid	<u>1,099,019</u>	<u> </u>	<u> </u>	<u> </u>	<u>1,099,019</u>
TOTAL REVENUES	<u>28,248,509</u>	<u>400,959</u>	<u>540,289</u>	<u>7,225,103</u>	<u>36,414,860</u>
EXPENDITURES					
Current operating					
Instruction					
Regular instruction	12,846,253	-	-	134,427	12,980,680
Special education instruction	1,795,195	-	-	44,362	1,839,557
Other instruction	2,650,845	-	-	45,581	2,696,426
State retirement contributions	2,375,612	-	-	-	2,375,612
Support services					
Pupil services	2,230,472	-	-	79,320	2,309,792
Instructional staff services	509,548	-	-	9,729	519,277
General administration services	1,725,734	-	-	30,132	1,755,866
School administration services	1,672,184	-	-	67,557	1,739,741
Business services	514,646	-	-	37,890	552,536
Operation & maintenance of plant services	276,167	-	-	3,247,555	3,523,722
Pupil transportation services	1,158	-	-	1,289,687	1,290,845
Food services	788,542	-	-	40,593	829,135
Central and other support services	583,905	-	-	37,690	621,595
Community services	13,238	-	-	31	13,269
Nonprogrammed charges	2,204,577	-	-	-	2,204,577
Debt service	70,530	-	-	2,192,710	2,263,240
Capital outlay	<u>171,295</u>	<u> </u>	<u>4,705,332</u>	<u>318,131</u>	<u>5,194,758</u>
TOTAL EXPENDITURES	<u>30,429,901</u>	<u> </u>	<u>4,705,332</u>	<u>7,575,395</u>	<u>42,710,628</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,181,392)</u>	<u>400,959</u>	<u>(4,165,043)</u>	<u>(350,292)</u>	<u>(6,295,768)</u>
OTHER FINANCING SOURCES (USES)					
Permanent transfers	<u>4,000,000</u>	<u>(4,000,000)</u>	<u> </u>	<u> </u>	<u> </u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,000,000</u>	<u>(4,000,000)</u>	<u> </u>	<u> </u>	<u> </u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,818,608	(3,599,041)	(4,165,043)	(350,292)	(6,295,768)
FUND BALANCES -					
Beginning of the Year	<u>1,149,472</u>	<u>6,119,611</u>	<u>19,026,232</u>	<u>3,979,511</u>	<u>30,274,826</u>
FUND BALANCES - End of Year	<u>\$ 2,968,080</u>	<u>\$ 2,520,570</u>	<u>\$ 14,861,189</u>	<u>\$ 3,629,219</u>	<u>\$ 23,979,058</u>

The accompanying notes are an integral part of this statement

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2004

Net change in fund balances - total governmental funds (page 8) \$ (8,295,788)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. A difference results by the amount by which depreciation expense differs from capital outlay in the period:

Capital outlay reported in governmental fund statements	\$ 6,194,768	
Depreciation expense reported in the statement of activities	<u>(712,844)</u>	
Net adjustment		4,481,914

Repayment of principal on long-term debt is an expenditure in the governmental funds but reduces the liability in the statement of net assets:

Repayments	<u>1,394,889</u>	
Net adjustment		1,394,889

Under the modified accrual basis of accounting used in the governmental funds, revenues are not recognized for transactions that do not meet the available criterion for recognition in the current period. In the statement of activities, however, which is presented on the accrual basis, revenues are reported regardless of when they are collected. This adjustment combines the net change of the following revenues:

Investment earnings	(128,410)	
Restricted state aid	<u>168,393</u>	
Combined adjustment		41,983

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net change of the following balances:

Accrued compensated absences	38,964	
Accrued interest on long-term liabilities	<u>1,990</u>	
Combined adjustment		40,954

Change in net assets of governmental activities (page 5) \$ (338,048)

The accompanying notes are an integral part of this statement

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2004

	<u>Agency Funds</u>
ASSETS	
Cash and investments	<u>\$ 256,588</u>
LIABILITIES	
Due to activity fund organizations	<u>\$ 256,588</u>

The accompanying notes are an integral part of this statement

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. THE FINANCIAL REPORTING ENTITY

Thornton Fractional Township High School District No. 215 (the "District") is located in Southern Cook County, Illinois. The District is responsible for educating students in ninth through twelfth grades who reside within the geographical boundaries of the Village of Burnham, City of Calumet City, Village of Lansing, and Village of Lynwood.

The District is a primary government. It was organized as a legal township high school district on April 12, 1928 and is governed by a Board of Education composed of seven elected members. These financial statements present Thornton Fractional Township High School District No. 215, a legally separate and fiscally independent government.

There are no legally separate organizations for which the elected officials of the District are financially accountable that would be considered to be a component unit of the District's financial reporting entity.

B. BASIS OF PRESENTATION

District-wide Financial Statements: The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements present governmental activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements: The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or if the assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all governmental funds. Also, the school district may decide what is a major fund. All remaining governmental funds are aggregated and reported as nonmajor funds.

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds.

The District reports the following major governmental funds:

The *Educational Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Tort Immunity and Special Education are included in this fund.

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2004

The *Working Cash Fund* is a special revenue fund created when a separate tax is levied for working cash purposes or if bonds are sold for this purpose.

The *Site and Construction Fund* is a capital projects fund created to account for financial resources to be used for the acquisition or construction of major capital facilities.

Other governmental (nonmajor) funds of the District consist of the following funds:

The *Operations and Maintenance Fund* is a special revenue fund used to account for all costs of maintaining, improving, or repairing school buildings and property or renting buildings and property for school purposes and the related revenues.

The *Transportation Fund* is a special revenue fund created when the District pays the costs of transporting pupils for any purpose. Moneys received for transportation purposes from any source and related costs of transportation are accounted for in this fund.

The *Municipal Retirement/Social Security Fund* is a special revenue fund created when a separate tax is levied for the purpose of providing resources for the District's share of retirement benefits and/or social security and medicare only payments for covered employees.

The *Bond and Interest Fund* is a debt service fund maintained to account for separate taxes levied to provide cash to retire bonds and to pay the interest and other related costs on them.

The *Fire Prevention and Safety Fund* is a capital projects fund created when a tax is levied or bonds issued for fire prevention, safety, energy conservation or school security purposes. The moneys received from the levy or the proceeds of the bond issue may only be used for the purposes stipulated in Section 17-2.11 of the School Code.

Fiduciary fund types are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

The District reports the following fiduciary fund type:

Agency Funds include both Student Activity Funds and Convenience Accounts. They account for assets held by the District as an agent for the students and teachers. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the activity fund organizations are equal to the assets.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

District-wide and Fiduciary Fund Financial Statements

The district-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (i.e., intended to finance). Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
 NOTES TO FINANCIAL STATEMENT
 JUNE 30, 2004

The District considers all revenues reported in the governmental funds to be available if the revenues are due (or past due) within sixty days after year-end. Property taxes, grants, tuition and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical/block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. CASH AND INVESTMENTS

The Thornton Fractional Township School Treasurer is the official custodian of moneys for the school districts within the township, including the District, as prescribed by Chapter 105, Section 5, Article 8 of the *Illinois Compiled Statutes*. The Township School Treasurer's Office, a legally separate entity under the oversight of the Thornton Fractional Township Trustees of Schools, pools the districts' moneys and invests, on the districts' behalf, in a cash and investment portfolio.

The Township School Treasurer's Office has adopted a formal written investment and cash management policy. The policy requires collateralization or independent third party insurance for deposits in federally insured institutions in excess of FDIC coverage limits, and other institutions in which the Treasurer's Office has invested. The Township School Trustees must approve the type of institution in which investments are made.

Deposits held in the District's name, consisting of imprest and activity fund accounts, are reported at cost. The District's equity in the Township School Treasurer's Pool is reported at fair value.

E. PROPERTY TAXES RECEIVABLE

Property taxes receivable represent the 2003 and prior net uncollected tax levies. An allowance for estimated collection losses of 5% of the total levy has been provided to reduce the receivable to the estimated amounts collectible.

F. CAPITAL ASSETS

Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental activities column in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$2,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements with total project costs of \$10,000 or greater are capitalized as projects are constructed.

Land improvements, buildings, furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
 NOTES TO FINANCIAL STATEMENT
 JUNE 30, 2004

Asset Class	Estimated Useful Lives (Years)
Land improvements	20
Building improvements	20 - 40
Transportation equipment	5
Other equipment	5 - 20

G. DEFERRED REVENUE

Deferred revenues at the fund level arise when potential revenue does not meet the available criterion for recognition in the current period. Deferred revenues also arise when the District receives resources before it has a legal claim to them. In subsequent periods, when the revenue recognition criterion is met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet, and revenue is recognized. Deferred revenues at the district-wide level arise only when the District receives resources before it has a legal claim to them.

H. COMPENSATED ABSENCES

The District's vacation and sick leave policies and agreements permit employees to accumulate earned but unused vacation and sick leave. Noncertified employees earn vacation days during the year at varying rates based on years of service. These vacation days must be taken within the subsequent year or are lost. Certified employees who work less than 12 calendar months per year do not earn vacation days. Employees receive 15 sick days annually and the unused portion is accumulated and carried forward. Employees who retire, resign or are dismissed as a result of a reduction of force and who have at least ten years of full time service in the District receive compensation for their accumulated sick leave, less any days of sick leave credited to a retirement system. Members of TRS and IMRF (see Note 12) may receive a maximum of two years and one year of credit, respectively, at retirement for unused, uncompensated sick leave.

The liability for sick leave is estimated using the vesting method and assumes that any days available for up to one year of service credit will be credited to a retirement system rather than paid by the District. In the fund financial statements, governmental funds report compensated absences as expenditures and as fund liabilities to the extent that the liabilities have matured (that is, became due for payment during the period). The liabilities for compensated absences that are not currently payable are reported as long-term liabilities in the district-wide statements.

I. USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

The District is allowed to invest in securities as authorized by the *Illinois Compiled Statutes*, Chapter 30, Sections 235/2 and 235/6; and Chapter 105, Section 5/8-7.

All deposits and investments of the District, except imprest and activity fund accounts, are maintained in the external cash and investment pool managed by the Thornton Fractional Township School Treasurer's Office. The Thornton Fractional Township School Treasurer's Office maintains a cash and investment pool that is available for use by all funds. Each fund's portion of the pool and the District's total portion of the pool are

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2004

displayed on the respective fund or district-wide financial statements as "Cash/Investments - pooled accounts". In addition, the Thornton Fractional Township School Treasurer's Office's external cash and investment pool holds investments separately for the District's Site and Construction Fund. These investments are displayed on the fund financial statements as "Investments" and on the district-wide financial statements as "Restricted Investments". The investments are classified as restricted because their use is restricted by applicable bond and grant covenants.

The District's imprest and activity fund accounts at year-end were entirely covered by federal depository insurance.

3. **CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2004, was as follows:

	Balance		Deletions	Balance	
	July 1, 2003	Additions		June 30, 2004	
Governmental activities:					
<i>Capital assets not being depreciated:</i>					
Land	\$ 560,301	\$ -	\$ -	\$ 560,301	
Construction in progress	1,708,283	5,008,848	-	6,717,131	
Total capital assets not being depreciated	2,268,584	5,008,848	-	7,277,432	
<i>Capital assets being depreciated:</i>					
Buildings	21,413,505	-	8,052,478	13,361,027	
Land improvements	2,018,712	-	483,914	1,532,798	
Equipment	5,859,168	1,390,653	-	7,259,821	
Total capital assets being depreciated	29,299,385	1,390,653	8,536,392	22,153,646	
<i>Less accumulated depreciation for:</i>					
Buildings	11,830,434	273,910	1,444,892	10,659,452	
Land improvements	634,615	324,538	-	959,153	
Equipment	2,322,414	3,682,686	-	6,005,100	
Total accumulated depreciation	14,787,463	4,281,134	1,444,892	17,623,705	
Total capital assets being depreciated, net	14,511,922	(2,890,481)	(7,091,500)	4,529,941	
Governmental activity capital assets, net	\$16,780,506	\$2,118,367	\$(7,091,500)	\$ 11,807,373	

Total depreciation for the year is \$712,844. Depreciation expense is reported on the Statement of Activities. It is not allocated to specific functions/programs of the District, except for \$325,969 of depreciation on buildings and land improvements, which is charged to facilities acquisition and construction services and \$3,635 of depreciation on food service equipment, which is charged to food services.

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2004

4. **LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2004, was as follows:

	Beginning		Reductions	Ending		Amounts Due Within One Year
	Balance	Additions		Balance		
General obligation bonds	\$ 21,370,000	\$ -	\$(1,325,000)	\$ 20,045,000	\$ 1,300,000	
Capital lease obligations	-	164,803	-	164,803	40,403	
State technology revolving	69,869	-	(69,869)	-	-	
Accrued vacation pay	231,755	-	(30,204)	201,551	201,551	
Accrued sick leave	135,520	-	(8,760)	126,760	4,130	
	\$ 21,807,144	\$ 164,803	\$(1,433,833)	\$ 20,538,114	\$ 1,546,084	

A. **BONDS PAYABLE**

General obligation bonds payable at June 30, 2004, consisted of the following individual issues:

\$3,100,000 School Bonds, Series 1998, dated July 1, 1998, \$2,250,000 issued for life safety purposes and \$850,000 issued for funding purposes; providing for the serial retirement of principal on December 1 and interest payable on June 1 and December 1 of each year at a rate of 5.00 percent through December 2006. \$ 1,785,000

\$9,995,000 School Bonds, Series 2002, dated December 15, 2002 issued for building purposes; providing for the serial retirement of principal on December 1 and interest payable on June 1 and December 1 of each year at rates varying from 2.50 to 4.60 percent through December 2022; bonds due on or after December 1, 2013 are subject to redemption prior to maturity at the option of the District as a whole or in part on December 1, 2012 or any date thereafter. 9,635,000

\$9,000,000 School Bonds, Series 2003, dated February 1, 2003 issued for building purposes; providing for the serial retirement of principal on December 1 and interest payable on June 1 and December 1 of each year at rates varying from 2.50 to 5.00 percent through December 2022; bonds due on or after December 1, 2013 are subject to redemption prior to maturity at the option of the District as a whole or in part on December 1, 2012 or any date thereafter. 8,625,000

8,625,000

\$20,045,000

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
 NOTES TO FINANCIAL STATEMENT
 JUNE 30, 2004

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
 NOTES TO FINANCIAL STATEMENT
 JUNE 30, 2004

At June 30, 2004, the annual cash flow requirements of bond principal and interest were as follows:

Year Ending	Principal	Interest	Total
June 30			
2005	\$ 1,300,000	\$ 818,395	\$ 2,118,395
2006	1,340,000	769,520	2,109,520
2007	1,225,000	721,970	1,946,970
2008	1,730,000	689,220	1,419,220
2009 - 2013	4,085,000	2,973,963	7,058,963
2014 - 2018	5,080,000	1,966,738	7,046,738
2019 - 2023	<u>6,285,000</u>	<u>734,361</u>	<u>7,019,361</u>
	<u>\$20,045,000</u>	<u>\$8,674,167</u>	<u>\$28,719,167</u>

The above principal and interest will be liquidated from net equity available in the Debt Service Fund and debt service levies in future periods.

B. OTHER LONG-TERM DEBT

Other long-term liabilities at June 30, 2004, consisted of the following:

The District acquired copiers under the provisions of a lease purchase agreements. The copiers leases are for three to five years, which expire on various dates through October, 2008. All lease terms are subject to annual appropriation of funds. \$164,803

At June 30, 2004, the annual cash flow requirements of other long-term liabilities were as follows:

Year Ending	Principal	Interest	Total
June 30			
2005	\$ 40,403	\$ 2,000	\$ 42,403
2006	33,057	9,348	42,403
2007	36,119	6,283	42,402
2008	38,214	4,188	42,402
2009	<u>17,010</u>	<u>346</u>	<u>17,356</u>
Totals	<u>\$164,803</u>	<u>\$ 22,163</u>	<u>\$ 186,966</u>

The above principal and interest will be retired from funds annually budgeted for such purpose from the Educational Fund.

5. SPECIAL TAX LEVIES AND RESERVED FUND BALANCE

A. TORT IMMUNITY LEVY

Revenues received and the related expenditures of this restricted tax levy are accounted for in the Educational Fund. At June 30, 2004, tort immunity had a deficit of \$28,610. The District anticipates using future revenues to cover the deficit. When the fund had a surplus, the funds are restricted for future tort immunity expenditures in accordance with Chapter 745, Section 10/9-101 to 9-107 of the Illinois Compiled Statutes.

B. SPECIAL EDUCATION LEVY

Revenues and the related expenditures of this restricted tax levy are accounted for in the Educational Fund. A portion, \$10,666 of this fund's equity represents the excess of cumulative revenues over cumulative expenditures, which is restricted for future special education expenditures in accordance with Chapter 105, Section 5/17-2.2a of the Illinois Compiled Statutes.

6. PROPERTY TAXES

The District's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. Property tax is appraised by the County Assessor at various percentages of fair market value and then subjected to equalization by the Illinois Department of Revenue to bring the aggregate County level toward the statutory standard of 33-1/3 of fair market value.

Property taxes levied for any year attach as an enforceable lien on property as of January 1 and are due and payable the following calendar year in two installments. The first installment is computed at 1/2 of the prior year's bill and is mailed in late January with a March 1 due date. The second installment is computed after the assessed valuations for the current year have been determined. The statutory due date for the second installment of taxes is August 1; however, taxpayers have 30 days after the mailing of the tax bills to remit payment without incurring a penalty. Typically, depending on the date the tax bills are mailed, the actual due date for the second installment varies from August 1 to November 1. The District receives significant distributions of tax receipts approximately one month after these due dates.

The Board passed the current levy on December 16, 2003. The District recognizes the first installment of its current levy and the second installment of its first prior levy within any given fiscal year. The following are the tax rate limits permitted by the School Code and by local referendum and the actual rates levied per \$100.00 of equalized assessed valuation for the levies recognized, in part, within the fiscal year ended June 30, 2004:

	Limit	Actual 2003 Levy	Actual 2002 Levy
Educational	2.5842	2.3892	2.2187
Tort Immunity	As needed	.0027	.0261
Special Education	.020	.0183	.0172
Operations and Maintenance	.350	.2746	.3005
Transportation	.120	.0618	.0697
Municipal Retirement	As needed	.0069	.0135
Social Security	As needed	.0712	.0711
Bond and Interest	As needed	.2999	.2953
Life Safety	.050	--	--
Working Cash	.050	.0500	.0429
		<u>3.1755</u>	<u>3.0550</u>

For taxing districts in Cook County, including the District, the tax rate limit is required to be applied to the equalized assessed valuation (EAV) of property for the levy year prior to the levy year for which taxes are then being extended. The actual levy rate is stated based on the current EAV of property. As a result, a tax rate may be at its maximum for the levy year even though it is less than its corresponding limit.

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
 NOTES TO FINANCIAL STATEMENT
 JUNE 30, 2004

7. INTERFUND TRANSFERS

Permanent transfers on the fund statements for the year ended June 30, 2004 consist of the following:

	<u>Amount</u>
Transferred from Working Cash Fund to major (Educational) Fund	\$4,000,000

The transfer was made to supplement revenues of the District's Educational Fund in order to sustain a positive fund balance.

8. JOINT VENTURES

A. EXCEPTIONAL CHILDREN HAVE OPPORTUNITIES (A JOINT AGREEMENT)

The District is a participant in Exceptional Children Have Opportunities (ECHO), which was established as a result of a joint agreement between 17 local public school districts for the purpose of providing special education services to the children of its member districts. The joint agreement is governed by a Board of Directors composed of superintendents (or an alternative person appointed by the superintendent) from each member district. Complete financial statements of the joint agreement may be obtained from its administrative office at 350 West 154th Street, South Holland, Illinois 60473. The District paid \$1,265,067 to ECHO for tuition and services during the year ended June 30, 2004.

The following is summary financial information on the joint agreement as of and for the year ended June 30, 2003, the most recent information available:

Total fund assets-cash basis	\$15,173,940	General long-term debt	\$ --
Total fund liabilities-cash basis	\$ 52,446	Revenues received	\$ 32,805,781
Total fund balance-cash basis	\$13,563,104	Expenditures disbursed	\$ 33,330,961
General fixed assets	\$ 1,558,390	Net increase in fund balance	\$ (525,180)

B. THORNTON FRACTIONAL AREA EDUCATIONAL COOPERATIVE

The District is a participant in Thornton Fractional Area Educational Cooperative, which was established as a result of a joint agreement between 7 local public school districts for the purpose of promoting articulation and effectively utilizing state and federal funds. Its responsibilities include operation of the federal Title I program for its member districts. The cooperative is governed by a Board of Superintendents composed of the superintendent from each member district. As of June 30, 2003, the most recent information available, the total cash and fund balance for the entity was \$162,897. Complete financial statements for the cooperative may be obtained from its administrative office at 17121 Roy Street, Lansing, Illinois 60438.

9. CONTINGENCIES

The District has received funding from State and Federal grants in the current and prior years, which are subject to audits by the granting agencies. The school board believes any adjustments that may arise from these audits will be insignificant to district operations.

10. RISK MANAGEMENT

The District is exposed to various risks of loss including general liability, property and casualty, errors and omissions, workers compensation, unemployment compensation and employee health and medical benefits. In lieu of paying unemployment contributions, the District has elected to reimburse the State of Illinois for the actual amount of benefits paid to their former workers.

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 JUNE 30, 2004

The District has elected to provide employee health and medical benefits through a self-insured plan and, accordingly, is liable for all employees' health claims that are approved for payment. The District has obtained stop-loss insurance from a commercial company to limit the District's liability for individual and aggregate claims. The stop-loss coverage limits for the plan year ending December 31, 2004 are \$100,000 for individual claims and approximately \$2,700,000 for aggregate claims. The aggregate stop-loss limit is equal to \$9,021 multiplied by the average number of employees during the stop-loss coverage period. Claims expenditures and liabilities are reported in the Educational Fund when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The liability for unpaid claims is estimated based on known claims incurred but not paid that were processed in the two months following year-end. A summary of changes in the reported claims liability for the current and prior fiscal year is presented below.

<u>Year Ended June 30</u>	<u>Liability at Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability at End of Year</u>
2004	\$326,653	\$2,159,615	\$2,257,420	\$228,848
2003	\$303,572	\$1,856,540	\$1,833,459	\$326,653

For all other risks of loss, the District has joined together with other school districts to form various pools through which to manage its risk of loss. The District is a member of Suburban School Cooperative Insurance Pool (SSCIP) for its general liability, property and casualty and errors and omissions coverage and School Employee Loss Fund (SELF) for workers compensation coverage. These public entity risk pools operate as common risk management and insurance programs. They receive premiums from member districts and reinsure through commercial companies to limit the liability for claims in excess of coverage provided by the pool.

11. COMMITMENTS

As of June 30, 2004, the District is committed under various construction contracts in the approximate amount of \$1,837,414, which will be liquidated as the contracts are completed during the next fiscal year from existing resources of the District's Capital Projects Funds.

12. EMPLOYEE RETIREMENT SYSTEMS

The District participates in two retirement systems: the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF).

A. TEACHERS' RETIREMENT SYSTEM

TRS is a cost-sharing, multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. Active TRS members are required to contribute 9 percent of their creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. In addition, virtually all members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The member THIS Fund health insurance contribution increased from 0.5 percent to 0.65 percent on January 1, 2002. Beginning on July 1, 2003, it increased to 0.75 percent.

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The State of Illinois makes contributions directly to TRS on behalf of the District's TRS-covered employees as follows:

On-behalf contributions. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2004, State of Illinois contributions were based on 13.98 percent of creditable earnings, and the District recognized revenues and expenditures of \$2,375,612 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2003, and June 30, 2002, the State of Illinois contribution rates as percentages of creditable earnings were 13.01 percent (\$2,098,108) and 12.16 percent (\$1,825,054), respectively.

The District makes four other types of employer contributions directly to TRS. Since January 1, 2002, the district also makes a separate contribution to the THIS Fund for retiree health insurance. However, the employer contribution for the 2.2 formula was reduced by the employer THIS Fund contribution for an 18-month period that ended June 30, 2003.

2.2 formula contributions. Since January 1, 2002, part of the employer's 2.2 formula contribution (0.58 percent of pay) was reduced as a result of a new employer THIS Fund contribution for retiree health insurance (0.4 percent of pay). The remaining 0.18 percent was submitted to TRS. For the year ended June 30, 2003, employers contributed 0.18 percent of pay on paychecks dated after July 1, 2002. Contributions for the year ended June 30, 2003 were \$29,028. Two contribution rates were in effect during the year ended June 30, 2002. For the period January 1, 2002 through June 30, 2002, the employer's 2.2 formula contribution was 0.18 percent of earnings on paychecks dated January 1, 2002 or after. For this period, contributions were \$16,836. For the period July 1, 2001 through December 31, 2001, the employer's 2.2 formula contribution was 0.58 percent of earnings on paychecks dated before January 1, 2002. For this period, contributions were \$32,800. For the year ended June 30, 2004, employers contributed 0.58 percent of creditable earnings. Contributions for the year ending June 30, 2004 were \$98,559.

Federal and trust fund contributions. When TRS members are paid from federal and trust funds administered by the District, there is a statutory requirement for the District to pay an additional contribution that is currently 10.5 percent of salaries paid from those funds. For the year ended June 30, 2004, salaries totaling \$292,379 were paid from federal and trust funds that required employer contributions of \$30,700. For the years ended June 30, 2003, and June 30, 2002, required District contributions were \$27,922 and \$19,373, respectively.

Early Retirement Incentive. The District is required to make employer contributions to TRS for members who retired under the 1993-1995 Early Retirement Incentive (ERI). For each year of service purchased, members received an equal number of years of age. Employers contributed 20 percent of the highest salary used in the calculation of final average salary for each year purchased; member contributions were also required. Employer contributions could be made in a lump sum, over five years in quarterly installments or under a different schedule approved by the TRS Board of Trustees. For the years ending June 30, 2004, June 30, 2003, and June 30, 2002 the District paid no employer contributions under the Early Retirement Incentive.

Early Retirement Option. The District is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option. The payments vary depending on the age and salary of the member. No member or employer contributions are required if the member has 34 years of service. The maximum employer payment of 100 percent of the member's highest salary used in the calculation of final average salary is required if the member is 55 years old. For the year ending June 30, 2004, the District paid \$432,700 for employer contributions under the Early Retirement Option. For the years ended June 30, 2003, and June 30, 2002, the District paid \$451,972 and \$302,866, respectively.

TRS financial information, an explanation of TRS' benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
 NOTES TO FINANCIAL STATEMENT
 JUNE 30, 2004

June 30, 2003. The report for the year ended June 30, 2004, is expected to be available in late 2004. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 49253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at www.tris.state.il.us.

B. ILLINOIS MUNICIPAL RETIREMENT FUND

The District contributes to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer defined benefit public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. IMRF provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The District is required to contribute at an actuarially determined rate. The employer rate for calendar year 2003 was 5.374 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (an overfunded liability is amortized on an open basis). The amortization period at December 31, 2003 was 10 years.

For December 31, 2003 the District's annual pension cost of \$209,273 was equal to the District's required and actual contributions. The required contribution was determined as part of the December 31, 2001 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional-projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 2003 actuarial valuation were based on the 1999 - 2001 experience study.

Trend information and a schedule of funding progress follows for the current year and preceding five years.

TREND INFORMATION

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/03	\$209,273	100%	\$0
12/31/02	\$181,468	100%	\$0
12/31/01	\$201,418	100%	\$0
12/31/00	\$297,695	100%	\$0
12/31/99	\$277,108	100%	\$0
12/31/98	\$254,164	100%	\$0

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
 NOTES TO FINANCIAL STATEMENT
 JUNE 30, 2004

REQUIRED SUPPLEMENTARY INFORMATION
 Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) ---Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/03	\$8,484,219	\$8,036,747	\$(447,472)	105.57%	\$3,897,085	0.000%
12/31/02	\$8,265,943	\$7,339,634	\$(926,309)	112.62%	\$3,749,340	0.00%
12/31/01	\$8,157,808	\$6,718,722	\$(1,439,086)	121.42%	\$3,296,536	0.00%
12/31/00	\$7,235,271	\$5,885,525	\$(1,349,746)	122.93%	\$3,059,555	0.00%
12/31/99	\$6,390,570	\$5,634,850	\$(755,720)	113.41%	\$2,687,762	0.00%
12/31/98	\$5,218,341	\$5,275,649	\$57,308	94.34%	\$2,513,982	2.28%

On a market value basis, the actuarial value of assets as of December 31, 2003 is \$7,569,455. On a market basis, the funded ratio would be 94.19%.

Digest of Changes:

The actuarial assumptions used to determine the actuarial accrued liability for 2003 are based on the 1999 - 2001 Experience Study.

The principle changes were:

Fewer members are expected to take refunds early in their career.

For regular members, fewer normal and early retirements are expected to occur.

13. CHANGE IN ACCOUNTING PRINCIPLES / RESTATEMENTS

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The statement establishes new financial reporting requirements for local governments. It requires new information and restructures much of the information that governments have presented in the past. The District implemented the new financial reporting models for the year ended June 30, 2003, however, updating fixed assets to be in compliance with generally accepted accounting principles were not implemented.

For the year ended June 30, 2004, management created detailed property records relating to individual capital assets. In addition, the District adopted a capitalization policy of adjusting capital assets when they are retired from service. The District is now in compliance with generally accepted accounting principles for accounting for fixed assets.

As a result of implementing GASB #34 for fixed assets, the following restatements were made to beginning net asset amounts:

	Statement of Activities Assets
Net Assets - end of year June 30, 2003 (previously reported)	\$ 26,403,687
<u>Adjustments:</u>	
Decrease costs of depreciable capital assets as of June 30, 2003	(7,496,452)
Increase accumulated depreciation at June 30, 2003	(2,123,398)
Net Assets - beginning of year July 1, 2003 (as restated)	\$ 16,783,837

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
 STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
 NON-GAAP (BUDGETARY BASIS)

EDUCATIONAL FUND

YEAR ENDED JUNE 30, 2004
 (WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Property taxes	\$ 17,758,132	\$ 16,945,977	\$ 15,414,648
Corporate personal property replacement taxes	256,000	305,051	269,179
Charges for services	979,790	997,552	916,091
Refund of prior year expenditures	60,000	138,720	188,034
Investments earnings	56,500	98,952	162,596
Unrestricted general state aid	5,359,708	5,349,894	3,501,584
Restricted state aid			
Special education	869,500	550,765	775,105
Vocational education	90,411	98,084	177,416
Gifted education	13,903	13,903	20,487
Driver education	75,000	73,022	74,431
ADA safety and educational block grant	104,681	104,021	43,984
Technology - closing the gaps	4,400	-	59,485
Other restricted state grants-in-aid	103,000	78,404	15,061
Total restricted state aid	1,260,895	918,199	1,165,969
Restricted federal aid			
Title V - innovative programs (formerly Title VI)	23,182	19,177	17,203
National school lunch program	260,200	318,250	248,642
Title IV - safe and drug free schools	10,299	14,526	7,504
Special education IDEA flow through	254,052	295,536	206,279
Special education IDEA room and board	280,000	274,362	270,127
Vocational education	87,854	92,133	64,586
Title II - teacher duality/Class size reduction	90,531	90,531	83,226
Goals 2000	-	(54,858)	(54,858)
Medicaid matching fund	60,000	117,636	215,492
Other restricted federal aid	215,000	6,488	20,177
Total restricted federal aid	1,281,118	1,173,781	1,078,378
TOTAL DIRECT REVENUES RECEIVED	27,012,143	25,928,126	22,696,479

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

EDUCATIONAL FUND

YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Current			
Instruction			
Regular programs			
Salaries	10,532,053	10,567,936	9,613,658
Employee benefits	1,429,000	1,476,981	1,375,724
Purchased services	252,494	221,445	218,557
Supplies and materials	580,437	582,459	874,864
Other	20,352	19,214	19,000
	<u>12,814,336</u>	<u>12,868,035</u>	<u>12,101,803</u>
Special education programs			
Salaries	1,587,636	1,586,595	1,412,049
Employee benefits	196,916	204,606	200,920
Purchased services	3,237	2,773	728
Supplies and materials	8,300	8,239	5,717
Other	-	-	233,537
Tuition	-	-	394,252
	<u>1,796,089</u>	<u>1,802,213</u>	<u>2,247,203</u>
Other instructional programs			
Vocational programs			
Salaries	907,947	920,099	896,270
Employee benefits	81,850	102,384	99,193
Purchased services	17,485	23,861	9,064
Supplies and materials	57,866	49,015	49,721
	<u>1,065,148</u>	<u>1,095,359</u>	<u>1,054,248</u>
Interscholastic programs			
Salaries	1,116,542	1,161,775	1,009,399
Employee benefits	23,300	30,853	21,880
Purchased services	161,987	142,857	122,338
Supplies and materials	128,154	121,860	99,151
Other	48,042	35,732	37,992
	<u>1,478,025</u>	<u>1,493,077</u>	<u>1,290,760</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

EDUCATIONAL FUND

YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED (Continued)			
Current (continued)			
Instruction (continued)			
Other instructional programs (continued)			
Summer school program			
Salaries	70,000	66,661	66,782
Employee benefits	450	580	380
Supplies and materials	1,500	-	155
	<u>71,950</u>	<u>67,241</u>	<u>67,317</u>
Gifted programs			
Salaries	-	-	6,309
Purchased services	-	-	5,630
Supplies and materials	-	-	1,500
	<u>-</u>	<u>-</u>	<u>13,439</u>
Total other instructional programs	<u>2,615,123</u>	<u>2,655,677</u>	<u>2,425,764</u>
Support services			
Pupil services			
Attendance & social work services			
Salaries	746,606	727,059	487,092
Employee benefits	50,800	67,173	64,985
Supplies and materials	19,631	27,858	13,832
	<u>817,037</u>	<u>822,090</u>	<u>565,909</u>
Guidance services			
Salaries	903,500	893,908	903,005
Employee benefits	82,500	92,448	92,140
Purchased services	68,865	51,291	59,498
Supplies and materials	24,776	12,784	16,999
Other	950	670	220
	<u>1,080,591</u>	<u>1,051,101</u>	<u>1,071,862</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

EDUCATIONAL FUND

YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED (Continued)			
Current (continued)			
Support services (continued)			
Pupil services (continued)			
Health services			
Salaries	99,287	85,836	96,069
Employee benefits	16,335	23,155	22,496
Supplies and materials	2,560	1,778	2,709
	<u>118,182</u>	<u>110,769</u>	<u>121,274</u>
Psychological services			
Salaries	107,200	103,727	88,451
Employee benefits	17,000	12,408	12,594
Supplies and materials	2,013	1,718	1,993
	<u>126,213</u>	<u>117,853</u>	<u>103,038</u>
Speech pathology and audiology services			
Salaries	92,000	119,960	100,590
Employee benefits	600	1,750	576
Supplies and materials	969	-	845
Other	283	125	90
	<u>93,852</u>	<u>121,835</u>	<u>102,101</u>
Total pupil services	<u>2,235,875</u>	<u>2,223,648</u>	<u>1,964,184</u>
Instructional staff services			
Improvement of instruction services			
Salaries	272,693	195,050	345,262
Employee benefits	27,000	12,033	24,089
Purchased services	76,095	40,375	49,639
Supplies and materials	20,113	5,121	17,793
Other	1,200	546	848
	<u>397,101</u>	<u>253,125</u>	<u>437,631</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

EDUCATIONAL FUND

YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED (Continued)			
Current (continued)			
Support services (continued)			
Instructional staff services (continued)			
Educational media services			
Salaries	157,117	161,247	229,137
Employee benefits	27,850	28,668	32,636
Purchased services	500	500	5,704
Supplies and materials	30,398	30,098	63,081
	<u>215,865</u>	<u>220,513</u>	<u>330,558</u>
Assessment & Testing services			
Purchased services	4,500	4,411	-
Supplies and materials	30,585	30,335	-
	<u>35,085</u>	<u>34,746</u>	<u>-</u>
Total instructional staff services	<u>648,051</u>	<u>508,384</u>	<u>768,189</u>
General administration services			
Board of education services			
Purchased services	454,211	618,940	422,114
Other	287,000	297,284	276,943
	<u>741,211</u>	<u>916,224</u>	<u>699,057</u>
Executive administration services			
Salaries	269,600	271,876	318,716
Employee benefits	124,000	195,893	505,553
Purchased services	46,700	35,646	47,481
Supplies and materials	13,800	17,756	20,746
Other	9,000	8,930	8,978
	<u>463,100</u>	<u>530,101</u>	<u>901,474</u>
Special area administration services			
Salaries	378,397	385,121	310,223
Employee benefits	38,000	49,688	41,031
Purchased services	17,250	17,393	14,666
Supplies and materials	3,300	2,822	14,055
Other	1,600	2,162	1,374
	<u>438,547</u>	<u>457,186</u>	<u>381,349</u>
Total general administration services	<u>1,642,858</u>	<u>1,903,511</u>	<u>1,981,880</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

EDUCATIONAL FUND

YEAR ENDED JUNE 30, 2004

(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED (Continued)			
Current (continued)			
Support services (continued)			
School administration services			
Office of the principal services			
Salaries	1,257,571	1,283,019	1,223,101
Employee benefits	301,000	317,135	318,822
Purchased services	111,700	100,481	97,392
Supplies and materials	50,400	54,095	62,151
Other	1,000	933	293
Total school administration services	<u>1,721,671</u>	<u>1,755,663</u>	<u>1,701,759</u>
Business services			
Direction of business support services			
Salaries	99,000	113,036	115,973
Employee benefits	31,000	34,717	34,261
Total business services	<u>130,000</u>	<u>147,753</u>	<u>150,234</u>
Fiscal services			
Salaries	207,000	211,080	244,086
Employee benefits	35,000	44,898	43,472
Purchased services	8,000	3,370	7,552
Supplies and materials	4,650	4,308	8,159
Other	1,500	1,088	1,500
Total fiscal services	<u>256,150</u>	<u>264,744</u>	<u>304,769</u>
Food services			
Salaries	305,680	298,623	287,041
Employee benefits	30,450	29,752	30,570
Purchased services	15,000	17,140	8,769
Supplies and materials	378,500	442,697	363,929
Total food services	<u>729,630</u>	<u>788,212</u>	<u>690,309</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

EDUCATIONAL FUND

YEAR ENDED JUNE 30, 2004

(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED (Continued)			
Current (continued)			
Support services (continued)			
Internal services			
Salaries	69,000	77,861	64,528
Employee benefits	50	45	40
Purchased services	9,810	6,342	4,940
Supplies and materials	7,800	5,499	7,565
Total internal services	<u>86,660</u>	<u>89,747</u>	<u>77,073</u>
Total business services	<u>1,202,440</u>	<u>1,290,456</u>	<u>1,222,385</u>
Operations and maintenance of plant services			
Salaries	204,341	123,598	605,856
Employee benefits	11,000	693	8,150
Purchased services	160,300	151,363	145,334
Supplies and materials	-	-	1,282
Total operations and maintenance of plant services	<u>375,641</u>	<u>275,654</u>	<u>760,622</u>
Pupil transportation services			
Employee benefits	1,200	1,158	1,193
Total pupil transportation services	<u>1,200</u>	<u>1,158</u>	<u>1,193</u>
Central and other support services			
Other support services			
Salaries	227,953	250,738	278,626
Employee benefits	20,000	-	-
Purchased services	167,500	167,531	83,014
Supplies and materials	175,000	168,189	174,060
Total central and other support services	<u>590,453</u>	<u>586,458</u>	<u>535,700</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

EDUCATIONAL FUND

YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED (Continued)			
Current (continued)			
Community services			
Salaries	-	-	345
Purchased services	9,458	8,524	6,928
Supplies and materials	4,367	4,714	3,789
Total community services	13,825	13,238	11,062
Nonprogrammed charges			
Payments to other governmental units			
Payments for regular programs	192,368	174,784	44,946
Payments for special education programs	2,132,737	2,039,203	1,403,982
Total nonprogrammed charges	2,325,105	2,213,987	1,448,928
Capital outlay			
Regular programs	28,550	48,752	66,997
Vocational programs	2,000	-	-
Gifted programs	-	-	12,756
Improvement of instruction services	6,000	-	-
Educational media services	-	-	1,911
Executive administration services	10,000	-	18,395
Assessment & Testing services	1,000	1,000	-
Special area administration services	24,800	23,441	6,337
Office of the principal services	49,000	40,252	39,336
Fiscal services	5,000	-	-
Food services	12,550	9,335	13,842
Other support services	53,000	48,515	52,987
Total capital outlay	191,900	171,295	212,561
Debt service			
Principal retired	66,624	66,625	149,902
Interest	3,906	3,905	3,997
Total debt service	70,530	70,530	153,899

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

EDUCATIONAL FUND

YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
TOTAL DIRECT EXPENDITURES DISBURSED	28,245,097	28,339,907	27,537,132
DEFICIENCY OF REVENUES RECEIVED UNDER EXPENDITURES DISBURSED	(1,232,954)	(2,411,781)	(4,840,653)
OTHER FINANCING SOURCES (USES)			
Permanent Transfers	4,000,000	4,000,000	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ 2,767,046	\$ 1,588,219	\$ (4,840,653)
FUND BALANCE - Beginning (Budgetary Basis)	1,523,337	1,149,472	6,358,259
FUND BALANCE - Ending (Budgetary Basis)	\$ 4,290,383	2,737,691	1,517,606
ADJUSTMENTS TO RECONCILE TO GAAP BASIS			
To adjust for revenue accruals and deferrals		(55,229)	356,271
To adjust for expenditure accruals		285,618	(724,405)
FUND BALANCE - Ending (GAAP Basis)		\$ 2,968,080	\$ 1,149,472

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

WORKING CASH FUND

YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Property taxes	\$ 340,068	\$ 336,857	\$ 292,582
Investment earnings	40,000	61,458	151,783
TOTAL REVENUES RECEIVED	<u>380,068</u>	<u>398,315</u>	<u>444,365</u>
OTHER FINANCING USES			
Permanent transfers	(4,000,000)	(4,000,000)	(211,445)
TOTAL OTHER FINANCING USES	<u>(4,000,000)</u>	<u>(4,000,000)</u>	<u>(211,445)</u>
EXCESS OF REVENUES RECEIVED OVER OTHER FINANCING USES	(3,619,932)	(3,601,685)	232,920
FUND BALANCE - Beginning (Budgetary Basis)	6,116,434	6,119,611	5,884,500
FUND BALANCE - Ending (Budgetary Basis)	\$ 2,496,502	2,517,926	6,117,420
ADJUSTMENTS TO RECONCILE TO GAAP BASIS			
To adjust for revenue accruals and deferrals		2,644	2,190
FUND BALANCE - Ending (GAAP Basis)		\$ 2,520,570	\$ 6,119,610

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

SITE AND CONSTRUCTION FUND

YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Investment earnings	\$ 200,000	\$ 281,095	\$ 30,919
Restricted state aid			
Capital Development Board construction grant	6,800,000	-	1,647,993
TOTAL REVENUES RECEIVED	<u>7,000,000</u>	<u>281,095</u>	<u>1,678,912</u>
EXPENDITURES DISBURSED			
Current operating			
Support services			
Facilities acquisition and construction services	-	-	9,549
Capital outlay			
Facilities acquisition and construction services	11,000,000	4,818,834	794,630
TOTAL EXPENDITURES DISBURSED	<u>11,000,000</u>	<u>4,818,834</u>	<u>804,179</u>
EXCESS (DEFICIENCY) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES DISBURSED	(4,000,000)	(4,537,739)	874,733
OTHER FINANCING SOURCES			
Principal on bonds sold	-	-	18,995,000
Premium on bonds sold	-	-	12,301
TOTAL OTHER FINANCING SOURCES	-	-	<u>19,007,301</u>
EXCESS (DEFICIENCY) OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES DISBURSED	(4,000,000)	(4,537,739)	19,882,034
FUND BALANCE - Beginning (Budgetary Basis)	19,868,868	19,026,232	-
FUND BALANCE - Ending (Budgetary Basis)	\$ 15,868,868	14,488,493	19,882,034
ADJUSTMENTS TO RECONCILE TO GAAP BASIS			
To adjust for revenue accruals and deferrals		259,194	-
To adjust for expenditure accruals		113,502	(832,601)
FUND BALANCE - Ending (GAAP Basis)		\$ 14,861,189	\$ 19,049,433

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2004

BUDGETS AND BUDGETARY ACCOUNTING

The budget for all governmental fund types and for the expendable trust fund is prepared on the cash basis of accounting and excludes on-behalf payments for which the District is not legally responsible. This is a comprehensive basis of accounting other than generally accepted accounting principles. The budget, which was not amended, was passed on September 23, 2003.

Legal spending control for District moneys is at the fund level, but management control is exercised at budgetary line item levels within each fund. Unexpended budgetary balances lapse at the end of each fiscal year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to July 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures disbursed and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Board of Education may make transfers between the various items in any fund not exceeding in the aggregate 10% of the total of such fund as set forth in the budget.

The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

OVEREXPENDITURE OF BUDGET

Expenditures disbursed exceeded the budget in the following individual funds:

Fund	Budget	Actual	Overexpended Amount
Educational	\$28,245,607	\$28,339,907	\$ 94,300
Transportation	1,341,868	1,362,804	20,936

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2004

	Operations and Maintenance	Transportation	Municipal Retirement/Social Security	Bond and Interest	Fire Prevention and Safety	Total
ASSETS						
Cash/investments - pooled accounts	\$ 239,727	\$ 319,043	\$ 297,063	\$ 1,313,670	\$ 1,534,553	\$ 3,704,058
Property taxes receivable, net	1,049,313	235,989	301,452	1,147,244	-	2,733,998
Due from other governments	52,569	827,410	-	-	-	879,979
TOTAL ASSETS	\$ 1,341,609	\$ 1,382,442	\$ 598,517	\$ 2,460,914	\$ 1,534,553	\$ 7,318,035
LIABILITIES						
Accounts payable	\$ 151,035	\$ -	\$ -	\$ -	\$ -	\$ 151,035
Accrued payroll and related liabilities	45,975	-	161	-	-	46,136
Deferred revenue	1,019,091	1,056,700	292,984	1,112,870	-	3,481,645
Other current liabilities	-	-	-	10,000	-	10,000
TOTAL LIABILITIES	1,216,101	1,056,700	293,145	1,122,870	-	3,688,816
FUND BALANCES						
Unreserved, reported in nonmajor:						
Special revenue funds	125,508	325,742	305,372	-	-	756,622
Debt service fund	-	-	-	1,338,044	-	1,338,044
Capital projects funds	-	-	-	-	1,534,553	1,534,553
TOTAL FUND BALANCES	125,508	325,742	305,372	1,338,044	1,534,553	3,629,219
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,341,609	\$ 1,382,442	\$ 598,517	\$ 2,460,914	\$ 1,534,553	\$ 7,318,035

The accompanying notes are an integral part of this statement

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2004

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
 STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
 NON-GAAP (BUDGETARY BASIS)

OPERATIONS AND MAINTENANCE FUND

YEAR ENDED JUNE 30, 2004
 (WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2003)

	Operations and Maintenance	Transpor- tation	Municipal Retirement/ Social Security	Bond and Interest	Fire Prevention and Safety	Total
REVENUES						
Property taxes	\$ 2,115,396	\$ 482,994	\$ 600,728	\$ 2,199,640	\$ (2,658)	\$ 5,396,100
Personal property replacement taxes	310,011	-	38,000	-	-	348,011
Charges for services	16,805	29,808	-	-	-	46,613
Investment income	8,479	2,808	7,507	23,877	29,867	72,538
Unrestricted state aid	400,000	200,000	-	-	-	600,000
Restricted state aid	-	761,841	-	-	-	761,841
TOTAL REVENUES	2,850,691	1,477,451	646,235	2,223,517	27,209	7,225,103
EXPENDITURES						
Current operating						
Instruction						
Regular instruction	-	-	134,427	-	-	134,427
Special education instruction	-	-	44,362	-	-	44,362
Other instruction	-	-	45,581	-	-	45,581
Support services						
Pupil services	-	-	79,320	-	-	79,320
Instructional staff services	-	-	9,729	-	-	9,729
General administration services	-	-	30,132	-	-	30,132
School administration services	-	-	67,557	-	-	67,557
Business services	-	-	37,890	-	-	37,890
Operation & maintenance of plant services	3,011,626	-	235,929	-	-	3,247,555
Pupil transportation services	-	1,289,527	160	-	-	1,289,687
Food services	-	-	40,593	-	-	40,593
Central and other support services	-	-	37,690	-	-	37,690
Community services	-	-	31	-	-	31
Debt service	-	-	-	2,192,710	-	2,192,710
Capital outlay	15,865	-	-	-	302,266	318,131
TOTAL EXPENDITURES	3,027,491	1,289,527	763,401	2,192,710	302,266	7,575,395
Excess (deficiency) of revenues over (under) expenditures	(176,800)	187,924	(117,166)	30,807	(275,057)	(350,292)
OTHER FINANCING SOURCES						
Permanent transfers	-	-	-	-	-	-
Proceeds from sale of bonds	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(176,800)	187,924	(117,166)	30,807	(275,057)	(350,292)
FUND BALANCES - Beginning of Year, as Restated	302,308	137,818	422,538	1,307,237	1,809,610	3,979,511
FUND BALANCES - End of Year	\$ 125,508	\$ 325,742	\$ 305,372	\$ 1,338,044	\$ 1,534,553	\$ 3,629,219

The accompanying notes are an integral part of this statement

	2004		2003
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Property taxes	\$ 2,283,110	\$ 2,100,412	\$ 2,045,102
Corporate personal property replacement taxes	256,000	303,051	269,179
Charges for services	6,010	16,805	18,825
Investments earnings	4,000	8,479	13,494
Unrestricted general state aid	400,000	400,000	400,000
Restricted federal aid	-	-	98
TOTAL REVENUES RECEIVED	2,949,120	2,830,747	2,746,698
EXPENDITURES DISBURSED			
Current			
Support services			
Facilities acquisition & construction			
Purchased services	-	-	6,385
Operations & maintenance services			
Salaries	1,638,590	1,659,077	1,576,890
Employee benefits	268,000	268,075	281,666
Purchased services	752,600	727,170	787,022
Supplies and materials	265,400	230,639	240,833
Total operations & maintenance services	2,924,590	2,884,961	2,886,411
Capital outlay			
Operations & maintenance	33,500	15,865	137,304
Total capital outlay	33,500	15,865	137,304
TOTAL EXPENDITURES DISBURSED	2,958,090	2,900,826	3,030,100
DEFICIENCY OF REVENUES RECEIVED UNDER EXPENDITURES DISBURSED	(8,970)	(70,079)	(283,402)

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
 STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
 NON-GAAP (BUDGETARY BASIS)

TRANSPORTATION FUND

YEAR ENDED JUNE 30, 2004
 (WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Property taxes	\$ 501,387	\$ 480,263	\$ 468,701
Charges for services	35,000	29,808	31,314
Investments earnings	500	2,808	1,079
Unrestricted general state aid	200,000	200,000	35,000
Restricted state aid			
Transportation aid	662,000	911,486	544,784
TOTAL REVENUES RECEIVED	<u>1,398,887</u>	<u>1,624,365</u>	<u>1,080,878</u>
EXPENDITURES DISBURSED			
Current			
Support services			
Pupil transportation services			
Salaries	10,158	10,996	11,328
Employee benefits	700	700	689
Purchased services	1,330,510	1,351,108	1,252,931
Supplies and materials	500	-	-
Total pupil transportation services	1,341,868	1,362,804	1,264,948
TOTAL EXPENDITURES DISBURSED	<u>1,341,868</u>	<u>1,362,804</u>	<u>1,264,948</u>
EXCESS (DEFICIENCY) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES DISBURSED	<u>57,019</u>	<u>261,561</u>	<u>(184,070)</u>
OTHER FINANCING SOURCES			
Permanent transfers	-	-	211,445
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>211,445</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
 STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
 NON-GAAP (BUDGETARY BASIS)

TRANSPORTATION FUND

YEAR ENDED JUNE 30, 2004
 (WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
EXCESS (DEFICIENCY) OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES DISBURSED	57,019	261,561	27,375
FUND BALANCE - Beginning (Budgetary Basis)	<u>47,503</u>	<u>137,818</u>	<u>30,107</u>
FUND BALANCE - Ending (Budgetary Basis)	<u>\$ 104,522</u>	<u>399,379</u>	<u>57,482</u>
ADJUSTMENTS TO RECONCILE TO GAAP BASIS			
To adjust for revenue accruals and deferrals		(146,914)	153,613
To adjust for expenditure accruals		73,277	(73,277)
FUND BALANCE - Ending (GAAP Basis)	<u>\$ 325,742</u>	<u>\$ 325,742</u>	<u>\$ 137,818</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND

YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Property taxes	\$ 623,689	\$ 596,820	\$ 584,076
Corporate personal property replacement taxes	38,000	38,000	38,000
Investments earnings	8,200	7,507	11,659
TOTAL REVENUES RECEIVED	669,889	642,327	633,735
EXPENDITURES DISBURSED			
Current operating			
Instruction			
Regular instruction	122,000	134,427	111,197
Special education instruction	43,725	44,362	38,113
Other instruction	46,297	45,581	40,286
Support services			
Pupil services	67,950	79,320	59,137
Instructional staff services	26,800	9,729	21,450
General administration services	30,300	30,132	27,256
School administration services	61,000	67,557	56,636
Business services	82,800	78,483	75,284
Operation and maintenance services	248,300	235,929	232,269
Pupil transportation services	175	160	164
Central and other support services	43,500	37,690	39,062
Community services	450	31	5
TOTAL EXPENDITURES DISBURSED	773,297	763,401	700,859
EXCESS (DEFICIENCY) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES DISBURSED	(103,408)	(121,074)	(67,124)
FUND BALANCE - Beginning (Budgetary Basis)	416,901	422,538	485,102
FUND BALANCE - Ending (Budgetary Basis)	\$ 313,493	301,464	417,978
ADJUSTMENTS TO RECONCILE TO GAAP BASIS			
To adjust for revenue accruals and deferrals		3,908	4,560
FUND BALANCE - Ending (GAAP Basis)		\$ 305,372	\$ 422,538

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

BOND AND INTEREST FUND

YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Property taxes	\$ 2,259,239	\$ 2,187,979	\$ 1,283,487
Investments earnings	25,000	23,877	27,780
TOTAL REVENUES RECEIVED	2,284,239	2,211,856	1,311,267
EXPENDITURES DISBURSED			
Debt service			
Bond interest	866,333	866,333	443,138
Principal retired	1,325,000	1,325,000	565,000
Other debt service	2,500	1,377	800
TOTAL EXPENDITURES DISBURSED	2,193,833	2,192,710	1,008,938
EXCESS OF REVENUES RECEIVED OVER EXPENDITURES DISBURSED	90,406	19,146	302,329
OTHER FINANCING SOURCES			
Accrued interest on bonds sold	-	-	20,279
TOTAL OTHER FINANCING SOURCES	-	-	20,279
EXCESS OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER EXPENDITURES DISBURSED	90,406	19,146	322,608
FUND BALANCE - Beginning (Budgetary Basis)	1,282,978	1,307,237	961,916
FUND BALANCE - Ending (Budgetary Basis)	\$ 1,373,384	1,326,383	1,284,524
ADJUSTMENTS TO RECONCILE TO GAAP BASIS			
To adjust for revenue accruals and deferrals		11,661	22,713
FUND BALANCE - Ending (GAAP Basis)		\$ 1,338,044	\$ 1,307,237

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

FIRE PREVENTION & SAFETY FUND

YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Property taxes	\$ -	\$ (2,658)	\$ (9,300)
Investment earnings	35,000	29,867	46,671
TOTAL REVENUES RECEIVED	35,000	27,209	37,371
EXPENDITURES DISBURSED			
Current			
Support services			
Facilities acquisition and construction services			
Purchased services	180,000	-	875
Total operations & maintenance services	180,000	-	875
Capital outlay			
Facilities acquisition and construction services	1,740,123	364,612	39,613
Capital outlay	1,740,123	364,612	39,613
TOTAL EXPENDITURES DISBURSED	1,920,123	364,612	40,488
DEFICIENCY OF REVENUES RECEIVED UNDER EXPENDITURES DISBURSED	(1,885,123)	(337,403)	(3,117)
FUND BALANCE - Beginning (Budgetary Basis)	1,885,123	1,809,610	1,875,073
FUND BALANCE - Ending (Budgetary Basis)	\$ -	1,472,207	1,871,956
ADJUSTMENTS TO RECONCILE TO GAAP BASIS			
To adjust for expenditure accruals		62,346	(62,346)
FUND BALANCE - Ending (GAAP Basis)	\$ 1,534,553	\$ 1,809,610	

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ACTIVITY FUNDS
YEAR ENDED JUNE 30, 2004

ASSETS	Balance	Additions	Deletions	Balance
	July 1, 2003			June 30, 2004
Cash at district	\$ 245,607	\$ 372,035	\$ 361,054	\$ 256,588
LIABILITIES				
Amounts due to organizations:				
NORTH				
Activity Account	\$ 4,498	\$ 18,172	\$ 17,597	\$ 5,073
Adm. Center Pop Fund	926	161	765	322
Academic Decathlon	-	341	-	341
Adventure Club	-	704	625	79
Art Club	9	-	-	9
Athletics	9,191	12,147	18,947	2,391
Attendance Improvement	316	1,504	766	1,054
Baseball Camp	700	-	700	-
Beautification - T.F.N.	322	-	-	322
Big Brother/Big Sister	1,262	1,232	915	1,579
Boys Basketball Camp	-	865	843	22
Building Const. V.I.C.A.	(131)	-	-	(131)
Business Professionals	280	8,294	7,879	695
Cap and Gown	1,530	-	728	802
Cheerleaders	649	2,836	2,789	696
Chronoscope	6,853	8,095	11,123	3,825
Class of 2001	4,522	-	1,000	3,522
Class of 2002	4,775	-	-	4,775
Class of 2003	1,496	633	50	2,079
Class of 2004	2,385	8,265	7,846	2,804
Class of 2005	2,314	17,191	16,304	3,201
Class of 2006	741	1,862	780	1,823
Class of 2007	-	2,429	925	1,504
Cooperative Work Training	55	189	-	244
Concessions	-	3,072	3,174	(102)
Cultural Diversity Club	120	-	-	120
Distributive Education	250	-	-	250
Diversified Occupations	462	-	-	462
Drama	3,982	375	213	4,144
Environmental Club	2,131	900	398	2,633
Flower Fund	-	555	445	110
Faculty Workroom	1,255	193	-	1,448
Football Camp	875	1,965	2,063	777
Foreign Language	298	96	191	203
History Club	1,000	82	139	943
Honors Trip	255	-	-	255
Interrelated Coop Education	(59)	-	-	(59)
Interest Account	11,734	(226)	11	11,497
Jobs for Illinois Graduates	52	-	-	52
Mathletes	424	250	189	485
Memorial Fund - Jurek	390	-	-	390
Meteor Broadcasting	2,680	765	840	2,605
Monogram Club	6,717	6,418	5,063	8,072
Music	252	-	-	252
National Honor Society	1,463	4,635	2,843	3,255
Needy Student Fund	4,113	390	901	3,602

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ACTIVITY FUNDS
YEAR ENDED JUNE 30, 2004

	Balance July 1, 2003	#	Receipts	Disbursements	Balance June 30, 2004
North Football Lights	10,203		500	9,468	1,235
Pep Club	190		-	-	190
Peer Mediators	351		770	1,051	70
Philanthropy Club	1,573		3,622	3,920	1,275
Physical Education Rental	2,435		2,825	736	4,524
Poetry Slam	-		319	-	319
Pom Pon	404		352	391	365
Pop Machine	1,572		8,475	7,134	2,913
Principal's Leadership	4,253		981	4,011	1,223
PSE Student Incentive	-		1,000	222	778
Quarterback Club	2,035		4,605	4,580	2,060
Science & Tech - Auto Mech	3,988		1,920	1,692	4,216
Science & Tech - Pop	1,691		9,341	6,628	4,404
Special Education	89		-	-	89
Speech Club	83		281	322	42
Stat Girls	115		-	-	115
Student Council	3,979		12,137	13,464	2,652
Students Against Drunk Driving	475		1,650	1,563	562
Tennis Camp	108		20	128	-
TF North Unified Voices	406		-	-	406
Thomtonian	5,673		4,848	9,598	923
NORTH TOTAL	120,710		158,036	171,960	106,786

	Balance July 1, 2003	#	Receipts	Disbursements	Balance June 30, 2004
SOUTH					
American Field Services	6,550		-	150	6,400
Art Club	348		-	-	348
Band	20		860	860	20
Band Camp	(985)		7,339	5,910	444
Baseball Seminar	-		4,700	4,135	565
Basketball Camp	475		1,445	1,277	643
Boys/Girls Track Donations	294		198	245	247
Class Concession Stand	2,194		2,539	2,709	2,024
Cap and Gown	68		-	-	68
Cheerleaders	1,371		3,288	3,589	1,070
Choral B	998		450	287	1,161
Class of 1988	260		-	-	260
Class of 2001	537		-	537	-
Class of 2002	701		150	150	701
Class of 2003	837		1,707	1,010	1,534
Class of 2004	1,072		1,815	1,238	1,649
Class of 2005	860		15,143	13,950	2,053
Class of 2006	302		1,594	1,455	441
Class of 2007	-		899	225	674
Cultural Diversity Club	1,090		408	516	982
Cooperative Work Training	643		574	342	875
Distributive Education	110		4,832	4,942	-
Drama	1,757		19,524	19,570	1,711
Environmental Club	168		219	204	183
Ferrado/Gagnon Scholarship	5,217		-	1,000	4,217
Football Camp	6,803		7,287	7,128	6,962
Foreign Language	75		87	45	117
Girls Basketball Camp	50		870	50	870

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ACTIVITY FUNDS
YEAR ENDED JUNE 30, 2004

	Balance July 1, 2003	Receipts	Disbursements	Balance June 30, 2004
Tri - S Club	2,934	8,219	7,080	4,073
Athletic Invitational Fund	3,851	9,017	10,742	2,126
I.C.E.	544	3,194	3,017	721
Interest Account	9,285	558	23	9,820
J Misieves Memorial Drive	-	1,385	-	1,385
Joan Baldwin Memorial	2,946	-	230	2,696
Juice Machine	1,538	856	1,193	1,201
Math Fund	11	393	65	339
National Honor Society	2,368	6,413	6,303	2,478
Needy Student Fund	273	100	207	166
PE Rental Account	161	1,134	176	1,119
Pep Club	1,068	3,192	4,240	20
Photo Club	431	460	85	806
Pom Pon	213	100	284	29
Postscript	21,967	33,575	29,175	26,367
Rebel Recognition	1,690	1,526	1,750	1,466
Rebel Rouser	28	16,797	15,867	958
Responsibility Comm	-	325	-	325
Rebel Spirit Committee	1,053	1,317	682	1,688
Students Against Drunk Driving	864	-	90	774
Special Programs	1,458	1,605	1,519	1,544
Social Studies Activities	135	720	768	87
Spanish Children International	317	-	225	92
Speech Club	517	234	260	491
Student Body Activity Fund	2,904	1,643	422	4,125
Student Leadership	2,941	1,060	1,200	2,801
Student Senate	8,664	19,906	16,631	11,939
Summer Swim	1	-	-	1
T.F.S. Activity Office	1,204	2,974	2,044	2,134
T.F.S. Ambassadors	38	1,149	1,118	69
T.F.S. Principal's Award	14,390	11,932	9,335	16,987
Teachers Lounge Coke Machine	6,318	2,105	-	8,423
T.F.S. Teen Staff	449	-	-	449
Volleyball Camp	785	3,715	1,485	3,015
Vocational Coop Club	104	-	-	104
Weight Room Improvements	1,716	2,267	1,334	2,649
Wrestling Camp	(84)	-	-	(84)
SOUTH TOTAL	124,897	213,999	189,094	149,802
TOTAL LIABILITIES	\$ 245,607	\$ 372,035	\$ 361,054	\$ 256,588

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
SCHEDULE OF ASSESSED VALUATIONS, TAX LEVIES AND COLLECTIONS
JUNE 30, 2004

	<u>2003 Levy</u>	<u>2002 Levy</u>	<u>2001 Levy</u>
Equalized assessed valuation	<u>\$ 750,119,963</u>	<u>\$ 760,893,406</u>	<u>\$ 650,774,456</u>
Tax rates (per \$100 of assessed valuation)			
Educational	2.3892	2.2187	2.5262
Tort immunity	0.0027	0.0261	0.0502
Special education	0.0183	0.0172	0.0196
Operations and maintenance	0.2746	0.3005	0.3421
Bond and interest	0.2999	0.2953	0.1149
Transportation	0.0618	0.0697	0.0791
Municipal retirement	0.0069	0.0135	0.0237
Social security	0.0721	0.0711	0.0752
Working cash	0.0500	0.0429	0.0489
	<u>3.1755</u>	<u>3.0550</u>	<u>3.2799</u>
Extended tax levy			
Educational	\$ 17,922,000	\$ 16,881,596	\$ 16,440,088
Tort immunity	20,487	198,950	326,556
Special education	136,990	130,652	127,235
Operations and maintenance	2,060,000	2,286,417	2,226,620
Bond and interest	2,249,515	2,246,762	747,600
Transportation	463,500	530,450	515,000
Municipal retirement	51,500	103,000	154,500
Social security	540,750	540,750	489,250
Working Cash	375,060	326,631	31,808
	<u>\$ 23,819,802</u>	<u>\$ 23,245,208</u>	<u>\$ 21,344,938</u>
Taxes collected year ended:			
June 30, 2004	\$ 10,693,916	\$ 12,490,814	\$ (49,593)
June 30, 2003	-	9,867,408	11,361,074
June 30, 2002	-	-	9,515,491
Total collected	<u>\$ 10,693,916</u>	<u>\$ 22,358,222</u>	<u>\$ 20,826,972</u>
Percent collected	<u>44.90%</u>	<u>96.18%</u>	<u>97.57%</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
SCHEDULE OF DEBT SERVICE REQUIREMENTS
JUNE 30, 2004

Year Ended June 30,	Series 1998 Dated 7/1/98		Series 2002 Dated 12/15/02		Series 2003 Dated 2/1/03		Total Debt Service Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	
2005	620,000	73,750	355,000	402,048	325,000	342,597	2,118,395
2006	650,000	42,000	360,000	393,110	330,000	334,410	2,109,520
2007	515,000	12,875	370,000	383,060	340,000	326,035	1,946,970
2008	-	-	380,000	371,810	350,000	317,410	1,419,220
2009	-	-	395,000	357,815	355,000	307,355	1,415,170
2010	-	-	410,000	340,295	370,000	293,350	1,413,645
2011	-	-	430,000	321,395	385,000	276,363	1,412,758
2012	-	-	450,000	301,595	400,000	257,700	1,409,295
2013	-	-	470,000	280,895	420,000	237,200	1,408,095
2014	-	-	490,000	259,295	445,000	218,245	1,412,540
2015	-	-	510,000	236,795	460,000	200,820	1,407,615
2016	-	-	535,000	213,282	480,000	182,250	1,410,532
2017	-	-	560,000	188,645	495,000	162,503	1,406,148
2018	-	-	585,000	163,468	520,000	141,435	1,409,903
2019	-	-	610,000	137,470	540,000	118,905	1,406,375
2020	-	-	635,000	109,762	565,000	94,865	1,404,627
2021	-	-	665,000	80,512	590,000	69,455	1,404,967
2022	-	-	695,000	49,565	615,000	42,637	1,402,202
2023	-	-	730,000	16,790	640,000	14,400	1,401,190
	<u>\$ 1,785,000</u>	<u>\$ 128,625</u>	<u>\$ 9,635,000</u>	<u>\$ 4,607,607</u>	<u>\$ 8,625,000</u>	<u>\$ 3,937,935</u>	<u>\$ 28,719,167</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
SCHEDULE OF LEGAL DEBT MARGIN
JUNE 30, 2004

Equalized Assessed Valuation - 2003 Tax Levy Year	<u>\$750,119,963</u>
	<u>Amount</u>
Legal debt limitation (6.9% of equalized assessed valuation)	\$ 51,758,277
General Obligation Debt June 30, 2004	<u>20,209,803</u>
Legal debt margin	<u>\$ 31,548,474</u>

Appendix B

Form of Legal Opinion

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

We hereby certify that we have examined certified copy of the proceedings (the "*Proceedings*") of the Board of Education of Township High School District Number 215, Cook County, Illinois (the "*District*"), passed preliminary to the issue by the District of its fully registered General Obligation Bonds (Alternate Revenue Source), Series 2005 (the "*Bonds*"), to the amount of \$6,000,000, dated July 1, 2005, due serially on December 1 of the years and in the amounts and bearing interest as follows:

2006
2007
2008
2009
2010
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2012
2013
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2015
2016
2017
2018
2019
2020
2021
2022
2023
2024

the Bonds due on or after December 1, 20___, being subject to redemption prior to maturity at the option of the District as a whole or in part in any order of their maturity as determined by the District (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on December 1, 20___, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the District, and is payable from (i) taxes, grants, state aid, interest earnings and other revenues received by the District and available to be expended for the improvement, maintenance, repair and benefit of school buildings and property and (ii) ad valorem property taxes levied against all taxable property in the District without limitation as to rate or amount, and all taxable property in the District is subject to the levy of such taxes to pay the same, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the District's compliance with certain covenants, under present law, interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "*Code*"), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such District covenants could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

It is also our opinion that the Bonds are "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the District with respect to certain material facts solely within the District's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Appendix C

FORM OF CONTINUING DISCLOSURE UNDERTAKING

**CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (b)(5) OF RULE 15c2-12**

This Continuing Disclosure Undertaking (this "*Agreement*") is executed and delivered by Township High School District Number 215, Cook County, Illinois (the "*District*"), in connection with the issuance of \$6,000,000 General Obligation Bonds (Alternate Revenue Source), Series 2005 (the "*Bonds*"). The Bonds are being issued pursuant to a resolution adopted by the Board of Education of the District on the ____ day of _____, 2005 (the "*Resolution*").

In consideration of the issuance of the Bonds by the District and the purchase of such Bonds by the beneficial owners thereof, the District covenants and agrees as follows:

1. **PURPOSE OF THIS AGREEMENT.** This Agreement is executed and delivered by the District as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The District represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. **DEFINITIONS.** The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Annual Financial Information means financial information and operating data of the type contained in the Official Statement under the following captions:

DEBT STRUCTURE

Summary of Outstanding Debt
Debt Repayment Schedule - principal only

DISTRICT TAX BASE INFORMATION

District Equalized Assessed Valuation
Composition of Equalized Assessed Valuation
Tax Extensions and Collections
Tax Rate Trend per \$100 of Equalized Assessed Valuation

FINANCIAL INFORMATION

General Fund
Working Cash Fund

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of the District prepared pursuant to the standards and as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the District and which has filed with the District a written acceptance of such designation, and such agent's successors and assigns.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Material Event means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II* that is material, as materiality is interpreted under the Exchange Act.

Material Events Disclosure means dissemination of a notice of a Material Event as set forth in Section 5.

MSRB means the Municipal Securities Rulemaking Board.

NRMSIRs means, as of any date, all Nationally Recognized Municipal Securities Information Repositories then recognized by the Commission for purposes of the Rule. The names and addresses of the current NRMSIRs are presently set forth on the following website: www.sec.gov/info/municipal/nrmsir.htm. The names and addresses of all current NRMSIRs should be verified each time information is delivered to the NRMSIRs pursuant to this Agreement.

Official Statement means the Final Official Statement, dated _____, 2005, and relating to the Bonds.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

SID means the public or private repository designated by the State as the state information depository and recognized as such by the Commission for purposes of the Rule. As of the date of this Agreement there is no SID.

State means the State of Illinois.

Undertaking means the obligations of the District pursuant to Sections 4 and 5.

3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds are set forth in *Exhibit III*. The District will include the CUSIP Numbers in all disclosure materials described in Sections 4 and 5 of this Agreement.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 9 of this Agreement, the District hereby covenants that it will disseminate its Annual Financial

Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to each NRMSIR and to the SID, if any. The District is required to deliver such information in such manner and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the District will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to each NRMSIR and the SID, if any) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. MATERIAL EVENTS DISCLOSURE. Subject to Section 9 of this Agreement, the District hereby covenants that it will disseminate in a timely manner Material Events Disclosure to each NRMSIR or to the MSRB and to the SID, if any. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Resolution.

6. DUTY TO UPDATE NRMSIRS/SID. The District shall determine, in the manner it deems appropriate, the names and addresses of the then existing NRMSIRS and SID each time it is required to file information with such entities.

7. CONSEQUENCES OF FAILURE OF THE DISTRICT TO PROVIDE INFORMATION. The District shall give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any, of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the District to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the District to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Agreement in the event of any failure of the District to comply with this Agreement shall be an action to compel performance.

8. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the District by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the District, or type of business conducted;

(b) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the District (such as Bond Counsel).

9. **TERMINATION OF UNDERTAKING.** The Undertaking of the District shall be terminated hereunder if the District shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Resolution. The District shall give notice in a timely manner if this Section is applicable to each NRMSIR or to the MSRB and to the SID, if any.

10. **DISSEMINATION AGENT; DISCLOSUREUSA.** (a) The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

(b) So long as such method continues to be approved by the Commission for purposes of the Rule, the District may satisfy its obligations for all purposes of this Agreement to provide information or notice to each NRMSIR and to the SID, if any, by sending such information or notice to DisclosureUSA (at, as of the date of this Agreement, www.DisclosureUSA.org) for submission to each NRMSIR and to the SID, if any.

11. **ADDITIONAL INFORMATION.** Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the District chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the District shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Material Event.

12. **BENEFICIARIES.** This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the District, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

13. **RECORDKEEPING.** The District shall maintain records of all Annual Financial Information Disclosure and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

14. ASSIGNMENT. The District shall not transfer its obligations under the Resolution unless the transferee agrees to assume all obligations of the District under this Agreement or to execute an Undertaking under the Rule.

15. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

TOWNSHIP HIGH SCHOOL DISTRICT
NUMBER 215, COOK COUNTY, ILLINOIS

By _____
President, Board of Education

Date: _____, 2005

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED
FINANCIAL STATEMENTS

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to each NRMSIR and to the SID, if any, or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available from the MSRB; the Final Official Statement need not be available from each NRMSIR, the SID or the Commission. The District shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided to each NRMSIR and to the SID, if any, by 210 days after the last day of the District's fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

Audited Financial Statements will be prepared in accordance with the accounting principles described in Appendix A to the Official Statement. Audited Financial Statements will be provided to each NRMSIR and to the SID, if any, within 30 days after availability to the District.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the District will disseminate a notice of such change as required by Section 4.

EXHIBIT II
EVENTS WITH RESPECT TO THE BONDS
FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions or events affecting the tax-exempt status of the security
7. Modifications to the rights of security holders
8. Bond calls
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities
11. Rating changes

**EXHIBIT III
CUSIP NUMBERS**

YEAR OF MATURITY	CUSIP NUMBER
2006	
2007	
2008	
2009	
2010	
2011	
2012	
2013	
2014	
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	

Appendix D

SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY

Ambac

Financial Guaranty Insurance Policy

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.


As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.



President



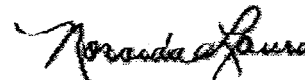
Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Form No.: 2B-0012 (1/01)



Authorized Officer of Insurance Trustee

FINAL OFFICIAL STATEMENT

**NEW ISSUE
BANK QUALIFIED**

**RATING: Standard & Poor's
Insured: "AAA" (Ambac Insured) Underlying: "A"**

Subject to compliance by the District with certain covenants, in the opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, under present law, interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. See "TAX MATTERS" herein for a more complete discussion. Interest on the Bonds is not exempt from present Illinois income tax. The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS - Qualified Tax Exempt Obligations" herein for a more complete discussion.

\$6,000,000

**THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NUMBER 215
COOK COUNTY, ILLINOIS
GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2005**

DATED: July 1, 2005

DUE: December 1, As Shown on Inside Cover

The General Obligation Bonds (Alternate Revenue Source), Series 2005 (the "Bonds"), of Thornton Fractional Township High School District Number 215, Cook County, Illinois (the "District"), are issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, to which principal and interest payments on the Bonds will be made. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of the Bonds will not receive physical delivery of bond certificates. So long as Cede & Co. is the registered owner of the Bonds, reference herein to the holders of the Bonds or registered owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, the principal and interest (first payable on June 1, 2006, and thereafter semiannually on each December 1 and June 1) on the Bonds are payable to Cede & Co., which will in turn remit such principal and interest to the DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM." Interest is calculated based on a 360-day year of twelve 30-day months.

The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS - Qualified Tax Exempt Obligations" herein for a more complete discussion.

The Bonds are legally binding obligations of the District, payable both as to principal and interest (i) from taxes, grants, state aid, interest earnings and other revenues received by the District and available to be expended for the improvement, maintenance, repair and benefit of school buildings and property (the "Pledged Revenues") and (ii) from ad valorem property taxes levied upon all taxable property in the District without limitation as to rate or amount (the "Pledged Taxes").

Payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Bonds.

Ambac

The Bonds are subject to optional and mandatory redemption as described herein. See "The Bonds - Redemption Provisions" herein.

The Bonds are offered when, as and if issued and received by the Underwriter subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel. The Bonds will be awarded June 28, 2005 and are expected to be delivered on or about July 14, 2005.

 **Griffin, Kubik, Stephens
& Thompson, Inc.**

The date of this Final Official Statement is June 28, 2005.

\$6,000,000
THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NUMBER 215
COOK COUNTY, ILLINOIS
GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2005

MATURITY SCHEDULE

December 1	Amount	Rate	Yield	December 1	Amount	Rate	Yield
2006	\$ 100,000	4.000%	2.700%	2015	\$ 295,000	4.000%	3.650% *
2007	210,000	4.000%	2.800%	2016	305,000	4.000%	3.750% *
2008	220,000	4.125%	2.950%	2017	320,000	4.000%	3.850% *
2009	225,000	4.125%	3.050%	2018	330,000	4.000%	3.950% *
2010	235,000	4.125%	3.150%	2019	345,000	4.000%	4.000%
2011	245,000	4.500%	3.280%	2020	355,000	4.000%	4.050%
2012	255,000	4.500%	3.380%	2021	370,000	4.100%	4.100%
2013	270,000	4.500%	3.480%	2022	385,000	4.125%	4.150%
2014	280,000	4.500%	3.580%	2023	400,000	4.125%	4.200%

\$855,000 4.30% Term Bonds due December 1, 2025 - Price: 99.592%

(Plus accrued interest from July 1, 2005)

* Priced to the first par call of 12/01/2014

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Final Official Statement, and, if given or made, such other information or representations must not be relied upon as statements of the District or the Underwriter. This Final Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Unless otherwise indicated, the District is the source of all tables and statistical and financial information contained in this Final Official Statement. The information and opinions expressed herein are subject to change without notice, and the delivery of this Final Official Statement or any sale made hereunder shall not, under any circumstances, create any implication that there has been no change in the operations of the District since the date of this Final Official Statement.

This Final Official Statement should be considered in its entirety and no one factor considered less important than any other by reason of its position in this Final Official Statement. Where statutes, resolutions, reports or other documents are referred to herein, reference should be made to such statutes, resolutions, reports or other documents, facts and opinions contained therein and the subject matter thereof for more complete information regarding the rights and obligations of parties thereto.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, other than the District, shall have passed upon the accuracy or adequacy of this Final Official Statement.

The information in this Final Official Statement has been compiled from sources believed to be reliable, but is not guaranteed. As far as any statements herein involve matters of opinion, whether or not so stated, they are intended as opinions and not representations of fact.

This Final Official Statement has been prepared under the authority of Thornton Fractional Township High School District Number 215, Cook County, Illinois. Additional copies may be secured from Thornton Fractional Township High School District Number 215, 1601 Wentworth Avenue, Calumet City, Illinois, 60409 (708/585-2300), or from the Underwriter, Griffin, Kubik, Stephens & Thompson, Inc., Public Finance Department, 300 Sears Tower / 233 South Wacker Drive, Chicago, Illinois, 60606 (312/441-2600).

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NUMBER 215
COOK COUNTY, ILLINOIS
1601 Wentworth Avenue
Calumet City, Illinois 60409
(708) 585-2300

ADMINISTRATION

Name	Position
Dr. Robert K. Wilhite	Superintendent
Dr. Timothy B. Kilrea	Assistant Superintendent
Joseph B. Daley	Director of Business Services
Thomas P. Stefaniak	Township Treasurer

BOARD OF EDUCATION

Official	Position
Kathleen Manno	President
Debbie Waitekus	Vice President
Karen Walker-Kehl	Secretary
Charles Maricich	Board Member
Marcia Pavich	Board Member
Henry Schneider	Board Member
Natalie Owen	Board Member

Paying Agent/Registrar

LaSalle Bank National Association
Chicago, Illinois

Independent Auditors

John Kasperek Co., Inc.
Calumet City, Illinois

Bond Counsel

Chapman and Cutler LLP
Chicago, Illinois

Underwriter

Griffin, Kubik, Stephens & Thompson, Inc.
300 Sears Tower
233 South Wacker
Chicago, Illinois 60606
(312)441-2600

FINAL OFFICIAL STATEMENT SUMMARY

This offering of Bonds is made only by means of the attached Final Official Statement in its entirety. No person shall be authorized to detach this Statement Summary from the Final Official Statement or to otherwise use such Statement Summary without the Final Official Statement in its entirety.

Issuer: Thornton Fractional Township High School District Number 215, Cook County, Illinois

Issue: \$6,000,000 General Obligation Bonds (Alternate Revenue Source), Series 2005

Dated Date: July 1, 2005

Book-Entry-Only Form: The Bonds are issued as fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, in \$5,000 denominations or integral multiples thereof, and will be in Book-Entry-Only Form.

Delivery Date: On or about July 14, 2005.

Interest Payment Dates: Each December 1 and June 1 beginning June 1, 2006.

Principal Payment Dates: Each December 1 beginning December 1, 2006 and ending December 1, 2025.

Record Date: The close of business on the 15th day of the calendar month next preceding any principal or interest payment date.

Redemption Provisions: Bonds maturing on and after December 1, 2015 are subject to optional redemption on December 1, 2014 and on any date thereafter at par plus accrued interest.

Authority and Purpose: The Bonds are being issued pursuant to the applicable sections of the School Code of the State of Illinois, as amended, the Local Government Debt Reform Act of the State of Illinois, as amended (the "Act") and the bond resolution to be adopted by the Board of Education of the District (the "Bond Resolution").

Proceeds of the Bonds, when issued, will be used to (i) alter, repair and equip the Thornton Fractional North and South High School Buildings; and (ii) pay costs associated with the issuing of the Bonds.

Security: The Bonds are legally binding obligations of the District, payable both as to principal and interest (i) from taxes, grants, state aid, interest earnings and other revenues received by the District and available to be expended for the improvement, maintenance, repair and benefit of school buildings and property (the "Pledged Revenues") and (ii) from ad valorem property taxes levied upon all taxable property in the District without limitation as to rate or amount (the "Pledged Taxes").

Tax Exemption: Chapman and Cutler LLP, Chicago, Illinois, will provide an opinion as to the federal tax exemption of the Bonds. See Appendix B.

Bank Qualification: The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS – Qualified Tax-Exempt Obligations" herein for a more complete discussion.

Paying Agent/Registrar: LaSalle Bank National Association, Chicago, Illinois

Bond Rating: Standard and Poor's "AAA" Insured (AMBAC Assurance Corporation), "A" underlying rating.

Legal Opinion: Chapman and Cutler LLP, Chicago, Illinois

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FINAL OFFICIAL STATEMENT

\$6,000,000
THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NUMBER 215
COOK COUNTY, ILLINOIS
GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2005

INTRODUCTION

The purpose of this Final Official Statement is to set forth certain information concerning Thornton Fractional Township High School District Number 215, Cook County, Illinois (the "District"), in connection with the offering and sale of \$6,000,000 aggregate principal amount of General Obligation Bonds (Alternate Revenue Source), Series 2005 (the "Bonds"). This Final Official Statement includes the cover page, the reverse thereof and the Appendices.

THE BONDS

GENERAL DESCRIPTION

The Bonds will be issued in fully registered form, without coupons, in denominations of \$5,000 or any integral multiple thereof under a book-entry-only system operated by The Depository Trust Company, New York, New York ("DTC"). Principal of and interest on the Bonds will be payable as described under the caption "BOOK-ENTRY-ONLY SYSTEM" by LaSalle Bank National Association, Chicago, Illinois, as Paying Agent and Registrar (the "Registrar").

The Bonds will be dated July 1, 2005 and will mature as shown on the cover page of this Final Official Statement. Interest will be payable each June 1 and December 1, commencing June 1, 2006.

AUTHORITY

The Bonds are issued under the authority of the School Code of the State of Illinois, as supplemented and amended (the "Act"), and particularly as supplemented by the Local Government Debt Reform Act of the State of Illinois, as amended (the "Debt Reform Act"), and a bond resolution adopted by the Board of Education of the District (the "Bond Resolution").

PURPOSE

Proceeds of the Bonds, when issued, will be used to (i) alter, repair and equip the Thornton Fractional North and South High School Buildings; and (ii) pay costs associated with the issuing of the Bonds.

SECURITY AND PAYMENT

The Bonds are legally binding obligations of the District, payable both as to principal and interest (i) from taxes, grants, state aid, interest earnings and other revenues received by the District and available to be expended for the improvement, maintenance, repair and benefit of school buildings and property (the "Pledged Revenues") and (ii) from ad valorem property taxes levied upon all taxable property in the District without limitation as to rate or amount (the "Pledged Taxes").

In the opinion of Bond Counsel, the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

In the Bond Resolution, the District covenants and agrees with the purchasers and the owners of the Bonds that as long as any of the Bonds remain outstanding, the District will take no action or fail to take any action which in any way would adversely affect the ability of the District to collect the Pledged Revenues or, except for abatement of tax levies as permitted in the Bond Resolution, to levy and collect the Pledged Taxes. The District and its officers will comply with all present and future applicable laws in order to assure that the Pledged Revenues will be available and that the Pledged Taxes will be levied, extended and collected as provided in the Bond Resolution and deposited in the debt service account to pay the Bonds (the "Bond Fund").

The District's determination of the sufficiency of the Pledged Revenues is supported by reference to the most recent audit of the District. See "DEBT STRUCTURE - Projected Debt Service Coverage – Alternate Revenue Bonds" herein.

OPTIONAL REDEMPTION

Bonds maturing on and after December 1, 2015 are subject to optional redemption on December 1, 2014 and on any date thereafter at par plus accrued interest.

MANDATORY REDEMPTION

The Bonds maturing on December 1, 2025 are subject to mandatory redemption prior to maturity, in integral multiples of \$5,000 selected by the Bond Registrar as provided in the Bond Resolution, at a redemption price equal to the principal amount to be redeemed, plus accrued interest, to the redemption date on December 1 of the years and in the principal amounts set forth below:

<u>Year</u>	<u>Principal Amount</u>
2024	\$ 420,000
2025	435,000*

* Final maturity

ESTIMATED SOURCES AND USES¹

The estimated sources and uses of funds, excluding accrued interest, are as follows:

Sources

Par Amount of Bonds	\$6,000,000.00
Net Original Issue Premium	121,207.80
Total Sources:	<u>\$6,121,207.80</u>

Uses

Deposit to Project Fund	6,002,291.44
Costs of Issuance*	118,916.36
Total Uses:	<u>\$6,121,207.80</u>

* Includes underwriter's discount, bond insurance, paying agent fee, bond counsel fee and other costs of issuance.

(1) Net of accrued interest

HIGHLIGHTS OF ALTERNATE BONDS

DESCRIPTION OF ALTERNATE BONDS

Section 15 of the Debt Reform Act provides that whenever revenue bonds have been duly authorized or whenever there exists a lawful revenue source, a local governmental unit may issue its general obligation bonds in lieu of such revenue bonds as authorized or payable from such revenue source, and such general obligation bonds may be referred to as "alternate bonds." Such bonds are general obligation debt payable from the pledged revenues with the general obligation of the issuer acting as back-up security. The Debt Reform Act prescribes several conditions that must be met before alternate bonds may be issued.

First, alternate bonds must be issued for a lawful corporate purpose. If payable from a revenue source that is limited in its purposes and applications, then alternate bonds may be issued only for such limited purposes or applications. The Bonds are payable from the Pledged Revenues pursuant to the Bond Resolution.

Second, for bonds other than refunding bonds meeting certain conditions set out in the Debt Reform Act, the question of issuance must be submitted to referendum if, within thirty (30) days after publication of an authorizing resolution and notice of intent to issue alternate bonds, a petition signed by the greater of (i) 7.5% of the registered voters in the governmental unit or (ii) 200 of those registered voters or 15% of those registered voters, whichever is less, is filed. No such petitions were filed for the Bonds.

Third, the issuer must determine that the pledged revenue source or sources are sufficient in each year to provide not less than 1.25 times debt service of the proposed alternate bonds and all other outstanding alternate bonds of the issuer payable from the same revenue source.

Fourth, the issuer must in fact pledge and covenant, to the extent it is empowered to do so, to provide for, collect and apply the pledged enterprise revenues or revenue source(s) to the payment of the alternate bonds and the provision of an additional 0.25 times debt service coverage.

See "DEBT STRUCTURE - Projected Debt Service Coverage – Alternate Revenue Bonds" herein.

ABATEMENT OF PLEDGED TAXES

Whenever the Pledged Revenues are available to pay principal of or interest on the Bonds when due, the District will direct the deposit of such funds into the Bond Fund created solely for such purpose and will abate the Pledged Taxes. The District pledges to abate the levies for the Bonds only upon the timely full funding of the Bond Fund in the appropriate amount.

BOND FUND

The District will deposit the appropriate Pledged Revenues and the Pledged Taxes into the Bond Fund, which is established for the purpose of carrying out the covenants, terms and conditions imposed upon the District by the Bond Resolution. The Bonds are secured by a pledge of all of the Pledged Revenues on deposit in the Bond Fund and such pledge is irrevocable until the Bonds have been paid in full or until the obligations of the District are discharged under the Bond Resolution.

ADDITIONAL BONDS PAYABLE FROM PLEDGED REVENUES

In the Bond Resolution, the District will reserve the right to issue additional alternate bonds that will be payable from the Pledged Revenues on a parity with the Bonds, subject only to the conditions for the issuance of alternate bonds set forth in the Debt Reform Act, as from time to time amended. In that event, the covenant described above requiring the District to provide for, collect and apply the Pledged Revenues to the payment of the Bonds to the extent it is legally able to do so, would continue to apply, and the District's obligations with respect to the Pledged Taxes would remain.

RISK FACTORS

The ability of the District to pay the Bonds from the Pledged Revenues may be limited by circumstances beyond the control of the District. There is no guarantee that the Pledged Revenues will continue to be available at current levels.

To the extent that Pledged Revenues are insufficient to pay the Bonds, the Bonds are to be paid from the Pledged Taxes. If the Pledged Taxes are ever extended for the payment of the Bonds, the amount of the Bonds then outstanding will be included in the computation of indebtedness of the District for purposes of all statutory provisions or limitations until such time as an audit of the District shows that the Bonds have been paid from the Pledged Revenues for a complete fiscal year.

FINANCIAL GUARANTY INSURANCE

PAYMENT PURSUANT TO FINANCIAL GUARANTY INSURANCE POLICY

Ambac Assurance has made a commitment to issue a financial guaranty insurance policy (the "Financial Guaranty Insurance Policy") relating to the Bonds effective as of the date of issuance of the Bonds. Under the terms of the Financial Guaranty Insurance Policy, Ambac Assurance will pay to The Bank of New York, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor (as such terms are defined in the Financial Guaranty Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Paying Agent/Bond Registrar. The insurance will extend for the term of the Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Financial Guaranty Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Bonds, Ambac Assurance will remain obligated to pay principal of and interest on outstanding Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Paying Agent/Bond Registrar has notice that any payment of principal of or interest on an Bond which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Financial Guaranty Insurance Policy does **not** insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Financial Guaranty Insurance Policy does **not** cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.
2. payment of any redemption, prepayment or acceleration premium.
3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee, Paying Agent or Bond Registrar, if any.

If it becomes necessary to call upon the Financial Guaranty Insurance Policy, payment of principal requires surrender of Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Financial Guaranty Insurance Policy. Payment of interest pursuant to the Financial Guaranty Insurance Policy requires proof of Holder entitlement to interest payments and an appropriate assignment of the Holder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Bond, appurtenant coupon, if any, or right to payment of principal or interest on such bond and will be fully subrogated to the surrendering Holder's rights to payment.

AMBAC ASSURANCE CORPORATION

Ambac Assurance Corporation ("Ambac Assurance") is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately **\$8,585,000,000** (unaudited) and statutory capital of approximately **\$5,251,000,000** (unaudited) as of **March 31, 2005**. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service and Fitch Ratings have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an Bond by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such bond and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its financial guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Obligor of the Bonds. Ambac Assurance makes no representation regarding the Bonds or the advisability of investing in the Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by Ambac Assurance and presented under the heading "**Financial Guaranty Insurance Policy**".

AVAILABLE INFORMATION

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc. (the "NYSE"), 20 Broad Street, New York, New York 10005.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004 and filed on March 15, 2005;
2. The Company's Current Report on Form 8-K dated April 5, 2005 and filed on April 11, 2005;
3. The Company's Current Report on Form 8-K dated and filed on April 20, 2005;
4. The Company's Current Report on Form 8-K dated May 3, 2005 and filed on May 5, 2005; and
5. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2005 and filed on May 10, 2005.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "**Available Information**".

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (hereinafter referred to in this section as the "Securities"). The Securities will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC; also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede &

Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered. The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the District and the Underwriter take no responsibility for the accuracy thereof, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NUMBER 215

LOCATION, ORGANIZATION AND GOVERNMENT

Thornton Fractional Township High School District Number 215 is situated in Southern Cook County and comprises an area of approximately 14 square miles. The District serves the Village of Lansing, most of the Village of Burnham and about half of the City of Calumet City. According to the 2000 US Census, the population of the District is 60,779.

The District is located approximately 27 miles south of downtown Chicago and is approximately 25 miles southeast of Midway Airport. Transportation needs are served by I-294/Tri-State Tollway, I-94/I-80 and I-90 as well as major local roads Torrence Avenue, Burnham Avenue and Ridge Road. Commuter service to downtown is provided by Metra's Electric Line. Travel time to the downtown station is about 45 minutes. Local bus service is available from PACE to reach additional surrounding communities.

Providing education for ninth through twelfth grade, the District operates three high school facilities and one administrative building. The District enrolled 3,228 students for the 2004-2005 academic year.

The District is governed by a seven-member Board of Education, elected at large for four year overlapping terms. Meetings are scheduled for the fourth Tuesday of each month at 7p.m., at the District Administrative Center at 1601 Wentworth Avenue, Calumet City, Illinois. Day-to-day operations are administered by the Superintendent and staff.

BOARD OF EDUCATION

<u>Official</u>	<u>Position</u>	<u>Term Expires</u>
Kathleen Manno	President	2009
Debbie Waitekus	Vice President	2009
Karen Walker-Kehl	Secretary	2009
Charles Maricich	Board Member	2007
Marcia Pavich	Board Member	2007
Henry Schneider	Board Member	2007
Natalie Owen	Board Member	2009

EDUCATIONAL FACILITIES

The District currently provides educational services at three location

<u>School</u>	<u>Location</u>	<u>Grades</u>	<u>Approx # of Students</u>
Thornton Fractional North High School	755 Pulaksi Rd., Calumet City	9 - 12	1,582
Thornton Fractional South High School	18500 Burnham Ave., Lansing	9 - 12	1,646
Thornton Fractional Center for Academics and Technology	1605 Wentworth Avenue, Calumet City	9 - 12	---*

** The Center receives students from the two main campuses.*

ENROLLMENT TREND

The trend in total enrollment has been as follows:

<u>Academic Year</u>	<u>Enrollment</u>
1998/99	2,512
1999/00	2,533
2000/01	2,593
2001/02	2,747
2002/03	2,867
2003/04	3,074
2004/05	3,228

Source: The District

EMPLOYEES AND LABOR RELATIONS

In order to provide a wide variety of educational programs and services, the District maintains a qualified staff as follows:

Personnel	2004-2005
Superintendent	1
Assist. Supt.	1
Principals	3
Assist. Principals	6
Business Manager	1
Instructional	225
Support Services	124
TOTAL	361

Under the current contract, salary ranges for the teachers, based upon degree and experience, are approximately as follows:

Degree	Experience	Salary (2004-2005)
B.A.	No experience, starting	\$38,921
B.A. + 15 sem. hrs	14 years experience	67,278
M.A.	No experience, starting	42,449
M.A. + 15 sem. hrs	14 years experience	73,580

The District Education Association contract is in effect until August 23, 2006. The Association represents 225 full time equivalent staff. The last teachers' strike in the District was in October 1995 and was resolved within 13 days.

SOCIOECONOMIC INFORMATION

POPULATION DATA

Name of Entity	1980	1990	2000	% Change 1990-2000
City of Burnham	4,030	3,916	4,170	6.5%
City of Calumet City	39,697	37,840	39,071	3.3%
Village of Lansing	29,039	28,086	28,332	0.9%
Cook County	5,253,628	5,105,067	5,376,741	5.3%
State of Illinois	11,427,409	11,430,602	12,419,293	8.6%

Source: U.S. Census Bureau, 2000 Census

ECONOMIC CHARACTERISTICS

Name of Entity	Median Gross Rent	Median Housing Value	Per Capita Income	Median Household Income
City of Burnham	\$ 621	\$ 90,400	\$ 16,747	\$ 39,053
City of Calumet City	630	90,300	18,123	38,902
Village of Lansing	658	118,700	22,547	47,554
Cook County	648	157,700	23,227	45,922
State of Illinois	605	130,800	23,104	46,590

Source: U.S. Census Bureau, 2000 Census

UNEMPLOYMENT RATES

<u>Year</u>	<u>City of Calumet City</u>	<u>Village of Lansing</u>	<u>Cook County</u>	<u>State of Illinois</u>
1999	5.5%	3.5%	4.5%	4.3%
2000	*	*	*	4.3%
2001	*	*	*	5.4%
2002	*	*	*	6.5%
2003	*	*	*	6.7%
2004	*	*	*	6.2%
2005	*	*	*	*

* The U.S. Bureau of Labor Statistics (BLS), which is responsible for developing labor force standards and methodology, has notified all states that they provided inputs for calculating sub-state employed estimates that were in error. While this does not affect the Illinois Statewide labor force data, various substate areas have been affected by the BLS error. The Illinois Department of Employment Security, like other states affected, must revise 2000-2005 labor force data (labor force, employed, unemployed and unemployment rate) for all sub-state areas (metropolitan areas, counties, cities, Local Workforce Investment Areas). The BLS has temporarily removed all sub-state labor force reports from their Web site until the data revisions have been completed. A schedule for the release of the revised sub-state labor force data has not yet been announced.

Source: State of Illinois Department of Employment Security

LARGEST AREA EMPLOYERS

Below is a listing of major employers in the area of the District:

<u>Company Name</u>	<u>Product or Service</u>	<u>Approx # of Employees</u>
Silver Line Building Products (1)	vinyl windows, patio doors	700
Rohm & Haas Co. (1)	automotive coatings	350
CSX Transportation (2)	railroad transportation	335
ORC Protel, Inc. (1)	telemarketing service	250
Land O'Frost Inc. (1)	meat packing & processing	250
Americall Corp (1)	telemarketing service	200
Kay Mfg. Co. (2)	automotive machining job shop	150
Guarantee Reserve (2)	life insurance	150
American School of Correspondence (1)	correspondence school	140
Coldwell Banker (1)	residential real estate	116

¹Village of Lansing.

²Village of Calumet City

Source: 2005 Illinois Manufacturers Directory and 2005 Illinois Services Directory

DEBT STRUCTURE

SUMMARY OF OUTSTANDING DEBT

The following table sets forth general obligation debt of the District as of the issuance of the Bonds.

Type	Dated Date	Original Amount of Issue	Current Amount Outstanding	Maturity Date
Limited School Bonds Series 1998	7/1/1998	\$3,100,000	\$1,165,000	12/1/2006
Series 2002 School Bonds	12/15/2002	9,995,000	9,280,000	12/1/2022
Series 2003 School Bonds	2/1/2003	9,000,000	8,300,000	12/1/2022
The Bonds	7/1/2005	6,000,000	6,000,000	12/1/2025
		<u>\$28,095,000</u>	<u>\$24,745,000</u>	

DEBT REPAYMENT SCHEDULE – PRINCIPAL ONLY

The following table sets forth the general obligation debt repayment schedule of the District as of the issuance of the Bonds.

Calendar Year Ended Dec 30	The Bonds Dec 1	Series 2003 School Bonds Dec 1	Series 2002 School Bonds Dec 1	Series 1998 Limited Bonds Dec 1	Total Outstanding Principal	Cumulative Principal Retired Amount	Percent
2005	-	\$330,000	\$360,000	\$650,000	\$1,340,000	\$1,340,000	5.415%
2006	\$100,000	340,000	370,000	515,000	1,325,000	2,665,000	10.770%
2007	210,000	350,000	380,000	-	940,000	3,605,000	14.569%
2008	220,000	355,000	395,000	-	970,000	4,575,000	18.489%
2009	225,000	370,000	410,000	-	1,005,000	5,580,000	22.550%
2010	235,000	385,000	430,000	-	1,050,000	6,630,000	26.793%
2011	245,000	400,000	450,000	-	1,095,000	7,725,000	31.218%
2012	255,000	420,000	470,000	-	1,145,000	8,870,000	35.846%
2013	270,000	445,000	490,000	-	1,205,000	10,075,000	40.715%
2014	280,000	460,000	510,000	-	1,250,000	11,325,000	45.767%
2015	295,000	480,000	535,000	-	1,310,000	12,635,000	51.061%
2016	305,000	495,000	560,000	-	1,360,000	13,995,000	56.557%
2017	320,000	520,000	585,000	-	1,425,000	15,420,000	62.316%
2018	330,000	540,000	610,000	-	1,480,000	16,900,000	68.297%
2019	345,000	565,000	635,000	-	1,545,000	18,445,000	74.540%
2020	355,000	590,000	665,000	-	1,610,000	20,055,000	81.047%
2021	370,000	615,000	695,000	-	1,680,000	21,735,000	87.836%
2022	385,000	640,000	730,000	-	1,755,000	23,490,000	94.928%
2023	400,000	-	-	-	400,000	23,890,000	96.545%
2024	420,000	-	-	-	420,000	24,310,000	98.242%
2025	435,000	-	-	-	435,000	24,745,000	100.000%
Total	<u>\$ 6,000,000</u>	<u>\$ 8,300,000</u>	<u>\$ 9,280,000</u>	<u>\$ 1,165,000</u>	<u>\$ 24,745,000</u>		

DEBT LIMIT

The District's statutory debt limit is 6.9% of the Equalized Assessed Valuation of all taxable property within the boundaries of the District. The following table sets forth the District's statutory debt limit as of the issuance of the Bonds.

	Statutory Debt Limit	
	Amount	% of Limit
2003 Equalized Assessed Valuation	750,119,963	
Statutory Debt limit @ 6.9% of EAV	\$51,758,277	100.00%
Total Bonds Applicable to Limit	\$24,745,000	47.81%
Less: Self Supporting Bonds	(\$6,000,000)	
Bonds applicable to Debt Limit	\$18,745,000	
Remaining Debt Margin	\$33,013,277	63.78%

(1) General Obligation Bonds (Alternate Revenue Source) payable from an alternate revenue source of the District do not count against the District's debt limit unless Pledged Taxes are extended pursuant to the general obligation full faith and credit pledge of the District.

DEBT STATEMENT

<u>ESTIMATED OVERLAPPING BONDED DEBT</u>	<u>Applicable to the District</u>		
	Outstanding Debt	Percent	Amount
<u>Taxing Body</u>			
Cook County	\$3,093,165,000	0.702%	21,705,291
Cook County Forest Preserve District	135,155,000	0.702%	948,407
Metropolitan Water Reclamation District	1,307,823,555	0.717%	9,375,473
<u>Municipalities</u>			
Village of Lansing	9,770,000	96.963%	9,473,293
Village of Burnham	610,000	72.402%	441,654
City of Calumet City	47,994,400	58.040%	27,855,844
<u>School Districts</u>			
School District 155	9,394,962	100.000%	9,394,962
School District 156	5,585,000	100.000%	5,585,000
School District 157	10,880,000	70.245%	7,642,652
School District 158	8,893,728	100.000%	8,893,728
School District 171	5,595,000	98.100%	5,488,717
South Suburban CCD 510	24,550,000	24.200%	5,941,063
<u>Park Districts</u>			
Calumet Memorial Park District	1,660,000	56.989%	946,022
<u>total Overlapping Bonded Debt:</u>			<u>\$ 113,692,105</u>
Net Direct Debt and Overlapping Bonded Debt:			<u>\$ 138,437,105</u>

District Estimated Population	60,779		
2003 Estimated Full Valuation	\$2,250,359,889		
2003 Equalized Assessed Valuation	\$ 750,119,963		
Estimated Full Value per Capita	\$ 37,025		
		<u>% Full Value</u>	<u>Per Capita</u>
Direct Debt:	\$ 24,745,000	1.10%	\$ 407
Direct Debt and Overlapping Bonded Debt:	\$ 138,437,105	6.15%	\$ 2,278

PROJECTED DEBT SERVICE COVERAGE – ALTERNATE REVENUE BONDS

<u>Levy Year</u>	<u>Pledged Revenues Available for Debt Service (1)</u>	<u>The Bonds Debt Service</u>	<u>Debt Service Coverage of the Bonds</u>
2005	\$9,496,549	\$454,190	20.91
2006	9,496,549	456,016	20.83
2007	9,496,549	457,616	20.75
2008	9,496,549	453,541	20.94
2009	9,496,549	454,260	20.91
2010	9,496,549	454,566	20.89
2011	9,496,549	453,541	20.94
2012	9,496,549	457,066	20.78
2013	9,496,549	454,916	20.88
2014	9,496,549	457,316	20.77
2015	9,496,549	455,516	20.85
2016	9,496,549	458,316	20.72
2017	9,496,549	455,516	20.85
2018	9,496,549	457,316	20.77
2019	9,496,549	453,516	20.94
2020	9,496,549	454,316	20.90
2021	9,496,549	454,146	20.91
2022	9,496,549	453,265	20.95
2023	9,496,549	456,765	20.79
2024	9,496,549	453,705	20.93

(1) Pledged Revenues Available for Debt Service are comprised of the following revenues taken from the District's Fiscal Year 2004 Audited Financial Statement:

Total from Governmental Funds - Personal property replacement taxes *	\$	658,022
Total from Governmental Funds - Investment Earnings *		773,237
Total from Governmental Funds - Unrestricted State Aid *		5,949,894
Property Taxes – Operations & Maintenance Fund		2,115,396
	\$	<u>9,496,549</u>

* Governmental Funds are comprised of Education Fund, Working Cash Fund, Site & Construction and Non-major Governmental Funds.

FUTURE FINANCING

Other than the Bonds, the District currently has no plans to issue any additional debt in the next twelve months.

SHORT TERM DEBT

As of the issuance of the Bonds, the District does not have any short term debt outstanding.

HISTORY OF DEBT ADMINISTRATION

The District has never issued any obligations to avoid default nor has the District ever defaulted in the payment of any of its obligations.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

REAL PROPERTY ASSESSMENT

The County Assessor (the "County Assessor") is responsible for the assessment of all taxable real property within Cook County (the "County"), including that in the District, except for certain railroad property and pollution control facilities which are assessed directly by the Illinois Department of Revenue (the "Department of Revenue"). For triennial reassessment purposes, Cook County is divided into three sections: west and south suburbs, north and northwest suburbs, and the City of Chicago. The District is located in the southeast suburbs and was last assessed in 2002. The District will be reassessed in 2005.

Real property in the County is separated into classifications for assessment purposes. After the County Assessor establishes the fair market value of a parcel of property, that value is multiplied by the appropriate classification percentage to arrive at the assessed valuation (the "Assessed Valuation") for the parcel. The classification percentages range from 16% for certain residential, commercial and industrial property to 36% and 38%, respectively, for other industrial and commercial property.

Property is classified for assessment into six basic categories each of which is assessed at various percentages of fair market value as follows: Class 1) unimproved land - 22%; Class 2) residential - 16%; Class 3) rental-residential - 33%; Class 4) not-for-profit - 30%; Class 5a) commercial - 38%; Class 5b) industrial - 36%. There are also seven additional categories. Newly constructed industrial properties or substantially rehabilitated sections of existing industrial properties within the County may qualify for a Class 6b assessment level, which assessment level is 16% for the first 10 years and for any subsequent 10-year renewal periods. If the incentive is not renewed, the 6b assessment level is 23% in year 11 and 30% in year 12, thereafter reverting to Class 5b. Real estate which is to be used for industrial or commercial purposes where such real estate has undergone environmental testing and remediation may be eligible for a Class C assessment level. The Class C assessment level for industrial properties is 16% for the first 10 years, 23% in year 11 and 30% in year 12, thereafter reverting to Class 5b. Class C commercial properties are assessed at 16% for the first 10 years, 23% in year 11 and 30% in year 12, thereafter reverting to Class 5a. Commercial properties that are newly constructed or substantially rehabilitated and are within an area determined to be an area in need of commercial development may be classified as Class 7a or 7b property, and will then be assessed at a level of 16% for the first 10 years, 23% in year 11 and 30% in year 12, thereafter reverting to Class 5a. Certain commercial and industrial properties located in zones determined to be in need of substantial revitalization or in an enterprise community could be eligible for Class 8 assessments. The Class 8 assessment level for industrial properties is 16% for the first 10 years and for any subsequent 10-year renewal periods. If the incentive is not renewed, the Class 8 assessment level for industrial properties is 23% in year 11 and 30% in year 12, thereafter reverting to Class 5b. The Class 8 assessment level for commercial properties is 16% for the first 10 years, 23% in year 11 and 30% in year 12, thereafter reverting to Class 5a. Substantially rehabilitated or new construction multi-family residential properties within certain target areas, empowerment or enterprise zones, may be eligible for Class 9 categorization. The Class 9 assessment level is 16% for an initial 10-year period, renewable for one additional 10-year period at 16%. When the Class 9 assessment level expires, the assessment level reverts to the applicable classification. Rental-residential (Class 3) properties subject to a Section 8 contract that has been renewed under the "Mark Up To Market" option may qualify for a Class S assessment level. The Class S assessment level is 16% for the term of the Section 8 contract renewal under the Mark Up To Market option, and for any additional terms of renewal of the Section 8 contract under the Mark Up To Market option. When the Class S assessment level expires, the assessment level reverts to Class 3. Substantially rehabilitated properties which are designated as Class 3, Class 4, Class 5a, or Class 5b and which qualify as Landmark or Contributing buildings may qualify for a Class L assessment level. The Class L assessment level for Class 3, 4, or 5b properties is 16% for the first 10 years and for any subsequent 10-year renewal periods. If the incentive is not renewed, the Class L assessment level is 23% in year 11 and 30% in year 12, thereafter reverting to Class 3, 4, or 5b. Class L commercial properties are assessed at 16% for the first 10 years, 23% in year 11 and 30% in year 12, thereafter reverting to Class 5a.

The Assessor has established procedures enabling taxpayers to contest their tentative Assessed Valuations. Once the Assessor certifies final Assessed Valuations, a taxpayer can seek review of its assessment through a process that has been modified as a result of amendments (the "Amendments") to the Property Tax Code (the "Property Tax Code"). Prior to January 1, 1996, a taxpayer generally was required to seek a review of its assessment by filing a complaint with the Cook County Board of Appeals, from which there was generally no

further appeal. However, pursuant to the Amendments, the Cook County Board of Appeals was replaced on the first Monday in December 1998 by a Board of Review consisting of three commissioners elected by the voters of the County. The Board of Review has powers similar to, but somewhat broader than, those previously vested in the Board of Appeals to review and adjust Assessed Valuations set by the Assessor. The Board of Appeals remained in existence until it was replaced by the Board of Review in December 1998.

The Amendments also provide that beginning with assessments for the year 1996, owners of residential property having six or fewer units are able to appeal decisions of the Board of Appeals or the Board of Review to the Illinois Property Tax Appeal Board (the "PTAB"), a state-wide administrative body. Owners of real estate other than residential property with six or fewer units are now able to appeal Assessed Valuations to the PTAB. The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight of the evidence. Taxpayers may appeal the decision of the PTAB to either the Circuit Court of Cook County or the Illinois Appellate Court under the Illinois Administrative Review Law.

As an alternative to seeking review of Assessed Valuations by the PTAB, taxpayers who have first exhausted their remedies before the Board of Appeals or the Board of Review may file an objection in the Circuit Court of Cook County similar to the previous judicial review procedure but with a different standard of proof than that previously required. In addition, in cases where the Assessor agrees that an assessment error has been made after tax bills have been issued, the Assessor can correct the Assessed Value, and thus reduce the amount of taxes due, by issuing a Certificate of Error.

EQUALIZATION

After the County Assessor has established the Assessed Valuation for each parcel for a given year, and following any revisions by the Board of Tax Appeals, the Board of Review or the PTAB, the Department of Revenue is required by statute to review the Assessed Valuations. The Department of Revenue establishes an equalization factor (the "Equalization Factor"), commonly called the "multiplier," for each county to make all valuations uniform among the 102 counties in the State. Under State law, the aggregate of the assessments within each county is to be equalized at 33 1/3% of the estimated fair cash value of real property located within the county prior to any applicable exemptions. One multiplier is applied to all property in Cook County, regardless of its assessment category, except for some farmland property which is not subject to equalization. Once the Equalization Factor is established, the Assessed Valuation, as revised by the Board of Tax Appeals, the Board of Review or the PTAB, is multiplied by the Equalization Factor to determine the equalized assessed valuation (the "Equalized Assessed Valuation") of that parcel. The Equalized Assessed Valuation for each parcel is the final property valuation used for determination of tax liability. The aggregate Equalized Assessed Valuation for all parcels in any taxing body's jurisdiction, plus the valuation of property assessed directly by the State, constitutes the total real estate tax base for the taxing body and is the figure used to calculate tax rates (the "Assessment Base"). The following table sets forth the Equalization Factor for Cook County for the last ten tax levy years.

TAX LEVY YEAR	EQUALIZATION FACTOR
1993	2.1407
1994	2.1135
1995	2.1243
1996	2.1517
1997	2.1489
1998	2.1799
1999	2.2505
2000	2.2505
2001	2.3098
2002	2.4689
2003	2.4598

EXEMPTIONS

Public Act 93-0715, effective July 12, 2004, made changes to a number of property tax exemptions taken by residential property owners. These changes are discussed below.

An annual General Homestead Exemption provides that the Equalized Assessed Valuation ("EAV") of certain property owned and used for residential purposes ("*Residential Property*") may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$4,500 for taxable years prior to tax year 2004 and \$5,000 for each taxable year thereafter (the "*General Homestead Exemption*").

The new law creates the Alternative General Homestead Exemption (the "*Alternative General Homestead Exemption*") which caps property tax assessment increases for homeowners at 7% a year for a total of three years. Homes that do not increase by at least 7% a year are entitled to the General Homestead Exemption as discussed above. However, pursuant to an ordinance adopted by the County on July 13, 2004, the County has elected to allow the amount of the Alternative General Homestead Exemption to be increased to an amount not greater than \$20,000 for taxable years 2003, 2004 and 2005 in the City of Chicago, for taxable years 2004, 2005 and 2006 in the North Suburbs, and for taxable years 2005, 2006 and 2007 in the South and West Suburbs. Specifically, the amount of the Alternative General Homestead Exemption is the EAV of the Residential Property for the current tax year minus the Adjusted Homestead Value. Assessors calculate the Adjusted Homestead Value by determining the lesser of (i) the homestead property's Base Homestead Value increased by 7% for each tax year after the base year (2002) through and including the current tax year or (ii) the EAV of the homestead property for the current tax year minus \$4,500 in tax year 2003 or \$5,000 in all counties in tax year 2004 and thereafter. The Base Homestead Value equals the EAV of the homestead property for the base year prior to exemptions, minus \$4,500 in tax year 2003 or \$5,000 in all counties in tax year 2004 and thereafter. Furthermore, for the first tax year that the Alternative General Homestead Exemption no longer applies, there shall be an additional General Homestead Exemption of \$5,000 awarded to Residential Property owners (i) who have not been granted a Senior Citizens Assessment Freeze Exemption for the taxable year, (ii) whose Residential Property has increased by more than 20% over the previous assessed valuation and (iii) who have a household income of \$30,000 or less. In 2006, the General Assembly will reevaluate the expanded exemption and decide if the Alternative General Homestead Exemption will expire or be renewed.

Additional exemptions exist for (i) senior citizens, with the exemption operating annually to reduce the EAV on a senior citizen's home by \$2,500 for taxable years prior to 2004 and \$3,000 for taxable year 2004 and thereafter; and (ii) disabled veterans, with the exemption operating annually to exempt up to \$58,000 of the Assessed Valuation of property owned and used exclusively by such veterans or their spouses for residential purposes. Residential Properties that have been improved or rebuilt following a catastrophic event are entitled to the Homestead Improvement Exemption limited to \$45,000 through December 31, 2003, and \$75,000 per year beginning January 1, 2004 to the extent the assessed value is attributable solely to such improvements or rebuilding. A Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older and have annual incomes of \$35,000 or less prior to taxable year 1999, annual incomes of \$40,000 or less in taxable years 1999 through 2003 and \$45,000 or less in taxable year 2004 and thereafter. In general, the Exemption limits the annual real property tax bill of such property by granting to qualifying senior citizens an exemption as to a portion of the valuation of their property. The exempt amount is the difference between the current EAV of their residence and the EAV of their residence for the year prior to the year in which the senior citizen first qualifies and applies for the Exemption (plus the EAV of improvements since such year). Beginning with assessment year 2003, for taxes payable in 2004, property that is first occupied as a residence after January 1 of any assessment year by a person who is eligible for the Senior Citizens Homestead Exemption must be granted a pro-rata exemption for the assessment year based on the number of days during the assessment year that the property is occupied as a residence by a person eligible for the exemption. The Homeowner Exemption for Long-term Properties ("*H.E.L.P.*") provides relief to certain longtime homeowners in established neighborhoods facing a dramatic rise in property taxes attributable to gentrification. H.E.L.P. exempts from property tax an amount equal to the current EAV for an eligible property which exceeds the sum of: (i) the EAV for the year prior to reassessment; plus (ii) the prior year EAV multiplied by a factor equal to 150% of the average assessment increase for the most current reassessment of the assessment district. To qualify for the exemption, a homeowner must own and occupy Class 2 property for ten years or more as their principal residence, or five years or more if the owner received governmental assistance in acquiring the property. In addition, certain property is exempt from taxation on the basis of ownership and/or use, such as public parks, not-for-profit and public schools, churches, and not-for-profit and public hospitals.

TAX LEVY

As part of the annual budgetary process of governmental units (the "Units") with power to levy taxes in the County, proceedings are adopted by the designated body for each Unit each year in which they determine to levy real estate taxes. The administration and collection of real estate taxes is statutorily assigned to the County Clerk and the County Treasurer. After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit. The Cook County Clerk uses the prior year's Equalized Assessed Valuation (EAV) to compute the taxing district's maximum allowable levy. The maximum that can be raised for a Unit is the maximum tax rate for that Unit multiplied by the prior year EAV for all property currently in the district. The prior year EAV includes the prior year EAV plus the EAV of any new property, the current year value of any annexed property, and any recovered tax increment value, minus any disconnected property for the current year under the Property Tax Extension Limitation Law ("*Limitation Law*"). The tax rate for a Unit is computed by dividing the lesser of the maximum allowable levy or the actual levy by the current year EAV.

PROPERTY TAX EXTENSION LIMITATION LAW

The Limitation Law is applied after the prior year EAV limitation. The Limitation Law limits the annual growth in the amount of property taxes to be extended for certain Illinois non-home rule units, including the District. The effect of the Limitation Law is to limit the amount of property taxes that can be extended for a taxing body. In addition, general obligation bonds, notes and installment contracts payable from ad valorem taxes unlimited as to rate and amount cannot be issued by the affected taxing bodies unless they are approved by referendum, are alternate bonds or are for certain refunding purposes.

The use of prior year EAV to limit the allowable tax levy may reduce tax rates for funds that are at or near their maximum rates in districts with rising EAVs. These reduced rates and all other rates for those funds subject to the Limitation Law are added together, which results in the aggregate preliminary rate. The aggregate preliminary rate is then compared to the limiting rate. If the limiting rate is more than the aggregate preliminary rate, there is no further reduction in rates due to the Limitation Law. If the limiting rate is less than the aggregate preliminary rate, the aggregate preliminary rate is further reduced to the limiting rate. In all cases, taxes are extended using current year EAV under Section 18-140 of the Property Tax Code.

In general, the annual growth permitted under the Limitation Law is the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Taxes can also be increased due to new construction, referendum approval of tax rate increases, mergers and consolidations. Local governments, including the District, can issue limited tax bonds in lieu of general obligation bonds that have otherwise been authorized by applicable law.

EXTENSIONS

The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all of the Units having jurisdiction over the particular parcel. The County Clerk extends the tax by entering the tax (determined by multiplying the total tax rate by the Equalized Assessed Valuation of that parcel for the current tax year) in the books prepared for the County Collector (the "*Warrant Books*") along with the tax rates, the Assessed Valuation and the Equalized Assessed Valuation. The Warrant Books are the County Collector's authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

COLLECTIONS

Property taxes are collected by the County Collector, who is also the County Treasurer, who remits to each Unit its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first due on March 1 and the second on the later of August 1 or 30 days after the mailing of the tax bills. A payment due is deemed to be paid on time if the payment is postmarked on the due date. The first installment is equal to one-half of the prior years' tax bill. However, if a certificate of error is approved by a court or certified on or before November 30 of the preceding year and before the estimated tax bills are prepared, then the first installment is instead equal to one-half of the *corrected* prior year's tax bill. The second installment is for the balance of the current year's tax bill, and is based on the then current tax year levy, assessed value and Equalization Factor, and reflects any changes from the prior year in those factors. The following table sets forth

the second installment penalty date for the last ten tax levy years in Cook County; the first installment penalty date has been March 1 for all such years.

TAX LEVY YEAR	SECOND INSTALLMENT PENALTY DATE
1993	September 1, 1994
1994	November 3, 1995
1995	September 11, 1996
1996	September 19, 1997
1997	October 28, 1998
1998	November 1, 1999
1999	October 2, 2000
2000	November 2, 2001
2001	November 1, 2002
2002	October 1, 2003
2003	November 15, 2004

It is possible that the changes to the assessment appeals process described above will cause delays similar to those experienced in past years in preparation and mailing of the second installment in future years. The County may provide for tax bills to be payable in four installments instead of two. However, the County has not required payment of tax bills in four installments. During the periods of peak collections, tax receipts are forwarded to each Unit on a weekly basis. Upon receipt of taxes from the County Collector, the District promptly credits the taxes received to the funds for which they were levied.

At the end of each collection year, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court orders resulting from the application for judgment provides for an annual tax sale (the "Annual Tax Sale") of unpaid taxes shown on that year's Warrant Books. A public sale is held, at which time successful tax buyers pay the unpaid taxes plus penalties. Unpaid taxes accrue penalties at the rate of 1.5% per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus a maximum of 12% for each six month period after the sale. If no redemption is made within the applicable redemption period (ranging from six months to two and one-half years depending on the type and occupancy of the property) and the tax buyer files a petition in the Circuit Court, notifying the necessary parties in accordance with the applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, the taxes are forfeited and the property becomes eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes and interest accrued to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale.

The scavenger sale (the "Scavenger Sale"), like the Annual Tax Sale, is a sale of unpaid taxes. The Scavenger Sale is scheduled to be held every two years on all property on which two or more years' taxes are delinquent. The sale price of the unpaid taxes is the amount bid at such sale, which may be less than the amount of delinquent taxes. Redemption periods vary from six months to two and one-half years depending upon the type and occupancy of the property.

TRUTH IN TAXATION LAW

Legislation known as the Truth in Taxation Law (the "Law") limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels.

DISTRICT TAX BASE INFORMATION

DISTRICT EQUALIZED ASSESSED VALUATION

Year	EAV	Percent Change
1998	\$587,480,721	1.47% *
1999	647,687,695	10.25%
2000	634,403,907	-2.05%
2001	650,774,456	2.58%
2002	760,893,406	16.92%
2003	750,119,963	-1.42%

* Based on District's 1997 EAV of \$578,995,391
Source: County Clerk's Office

COMPOSITION OF DISTRICT'S 2003* EQUALIZED ASSESSED VALUATION

<u>Property Type</u>	<u>EAV</u>	<u>% of Total</u>
Residential	\$481,569,030	63.290%
Commercial	177,040,739	23.267%
Industrial	99,762,550	13.111%
Farm	127,451	0.017%
Railroad	2,393,636	0.315%
Total	<u>\$760,893,406</u>	<u>100.000%</u>

* The 2003 EAV breakdown is the most current available
Source: County Clerk's Office

TAX EXTENSIONS AND COLLECTIONS

Levy Year	Collection Year	Net Tax Extension	Total Collections	Percent Collected
1998	1999	\$20,156,464	\$19,621,939	97.35%
1999	2000	20,667,714	20,327,224	98.35%
2000	2001	20,586,407	20,153,703	97.90%
2001	2002	21,345,402	20,826,972	97.57%
2002	2003	23,245,294	22,305,992	95.96%
2003	2004	23,823,810	22,798,058	95.69%
2004	2005	24,170,995*	10,304,705**	42.63%

* District's estimate of 2004 collections.

** 2004 levy collections as of April 30, 2005, per the District

Note: Tax payments, including late payments and proceeds from sales, are shown as collections in the year when due.

Sources: Extensions: Cook County Tax Extension Office ; Collections: District

TAX RATE TREND PER \$100 OF EQUALIZED ASSESSED VALUATION

<u>Fund</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>Maximum Authorized Rate</u>
IMRF	\$0.0263	\$0.0278	\$0.0203	\$0.0237	\$0.0135	\$0.0069	None
Social Security	0.0657	0.0676	0.0568	0.0752	0.0711	0.0721	None
Liability Insurance	0.0946	0.0763	0.0325	0.0502	0.0261	0.0027	None
Transportation	0.0701	0.0795	0.0162	0.0791	0.0697	0.0618	0.1200
Education	2.5569	2.3732	2.5842	2.5262	2.2187	2.3892	2.5842
Building	0.3463	0.3214	0.3500	0.3421	0.3005	0.2746	0.3500
Building Bonds	0.1000	0.0000	0.0000	0.0000	0.1975	0.2006	None
Working Cash Funds	0.0495	0.0459	0.0500	0.0489	0.0429	0.0500	0.0500
Life Safety	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0500
Special Education	0.0198	0.0184	0.0200	0.0196	0.0172	0.0183	0.0200
Life Safety Bond	0.1013	0.1808	0.0000	0.0000	0.0000	0.0000	None
Limited Bonds	0.0000	0.0000	0.1141	0.1149	0.0978	0.0993	None
	<u>\$3.4305</u>	<u>\$3.1909</u>	<u>\$3.2441</u>	<u>\$3.2799</u>	<u>\$3.0550</u>	<u>\$3.1755</u>	

Source: County Clerk's Office

REPRESENTATIVE TAX RATE PER \$100 OF EQUALIZED ASSESSED VALUATION

The following is a representative 2003 tax rate for a District property owner.

<u>Taxing District</u>	<u>03 Tax Rate</u>
Cook County	\$ 0.630
Consolidated Elections	0.029
Forest Preserve District	0.059
Thornton Township	0.411
General Assistance	0.100
Road and Bridge	0.016
Village of Lansing	1.144
Village of Lansing Library Fund	0.359
School District 158	4.333
HSD 205/Annex HSD 215	0.000
Thornton Fractional HSD 215	3.176
South Suburban College Dist 510	0.403
Lan-Oak Park District	0.302
Metropolitan Water Reclamation Dist	0.361
South Cook Cnty Mosquito Abatement Dist	0.013
Suburban Sanitarium	0.004
	<u>11.340</u>

Source: County Clerk's Office

LARGEST TAXPAYERS

The following are among the largest taxpayers in or near the District.

Name	Product or Service	2003 EAV
Simon Property Group	Real Estate Holdings	\$ 47,200,593
Sears	Retail Department Store	17,688,525
Wal-Mart	Discount Retail	11,271,460
Amalgamated Bank	Bank	10,581,907
CNC		8,266,505
Individual	Individual	7,486,458
Inland Real Estate	Real Estate	5,975,167
JC Penny	Retail Department Store	5,903,515
Waterton Assoc.	Property Management	5,759,073
Temperature Equipment Corp.	Mechanical Contractors	5,727,401
	TOTAL	\$125,860,604
	Total as % of 2003 EAV	17%

Source: County Assessor's Office. Note that valuations are obtained from the warrant book which provides details as to owner, valuation, tax bill amount, etc. for each parcel in the County. These books are searched, noting larger assessed valuations within the District. Since a taxpayer may own numerous parcels in the District, such a taxpayer may be overlooked. Thus, the valuations presented herewith are noted as approximations.

FINANCIAL INFORMATION

SOURCES OF REVENUE

The following table details the District's revenue sources for the General Fund.

	2001	2002	2003	2004
Local Sources	73%	73%	70%	68%
State Sources	24%	24%	25%	29%
Federal Sources	3%	3%	4%	4%
	100%	100%	100%	100%

SUMMARY OF OPERATIONS

The accompanying financial statements are prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The following tables contain information from the annual audits of the District but do not purport to be the complete audits, copies of which are available upon request from the District. See Appendix A for a copy of the District's 2004 fiscal year audit.

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GENERAL FUND
FISCAL YEAR ENDING JUNE 30**

	2001	2002	2003	2004
REVENUES				
Local Sources	\$ 20,441,734	\$ 19,910,752	\$ 19,402,570	\$ 21,073,497
State Sources	6,678,567	6,652,425	7,023,998	8,926,684
Federal Sources	968,886	694,254	1,132,654	1,099,019
TOTAL	\$ 28,089,187	\$ 27,257,431	\$ 27,559,222	\$ 31,099,200
EXPENDITURES				
Instruction	\$ 14,863,580	\$ 17,094,758	\$ 18,354,352	\$ 19,667,905
Support Services	11,595,815	11,324,530	12,002,643	11,313,982
Community Services	96,868	9,307	11,062	13,238
Non-Programmed Charges	1,221,207	1,416,342	1,435,899	2,204,577
Debt Service P&I	162,218	162,218	153,899	70,530
Capital Outlay	1,832,756	573,215	303,723	187,160
TOTAL	\$ 29,772,444	\$ 30,580,370	\$ 32,261,578	\$ 33,457,392
Excess of Revenue Received Over (Under) Expenditures Disbursed	\$ (1,683,257)	\$ (3,322,939)	\$ (4,702,356)	\$ (2,358,192)
OTHER FINANCING SOURCES (USES)				
Other	\$404,950	\$508,004	\$0	\$4,000,000
TOTAL	\$ 404,950	\$ 508,004	\$ -	\$ 4,000,000
Excess of Revenue Collected and Other Financing Sources Over (Under) Expenses Paid & Other Uses	\$ (1,278,307)	\$ (2,814,935)	\$ (4,702,356)	\$ 1,641,808
Beginning General Fund Balance	\$ 10,378,655	\$ 9,100,348	\$ 6,154,136	\$ 1,451,780
Ending General Fund Balance	\$ 9,100,348	\$ 6,285,413	\$ 1,451,780	\$ 3,093,588
Net Adjustments to Reconcile to GAAP Basis		\$ (131,277)		
Fund Balance, As Restated		\$6,154,136		

WORKING CASH FUND

The District is authorized to issue general obligation bonds to create a Working Cash Fund. Such fund can also be created or increased by a levy of an annual tax not to exceed \$.05 per hundred dollars of equalized assessed valuation. The purpose of the fund is to enable the District to have sufficient money to meet demands for ordinary and necessary expenditures for school operating purposes. In order to achieve this purpose, the money in the Working Cash Fund may be loaned, in whole or in part, as authorized and directed by the Board of Education of the District, to any fund of the District in anticipation of the receipt by the District of money from the State of Illinois, the Federal government or other sources, or in anticipation of corporate personal property replacement taxes to be received by the District. The Working Cash Fund is reimbursed when the anticipated taxes or money are received by the District. The District's Working Cash Fund had a balance of \$2,520,570 as of June 30, 2004.

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
WORKING CASH FUND
FISCAL YEAR ENDING JUNE 30**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<u>OPERATING REVENUES</u>				
Local Sources	\$ 697,505	\$ 508,030	\$ 446,150	\$ 400,959
TOTAL	\$ 697,505	\$ 508,030	\$ 446,150	\$ 400,959
Operating Transfers In (Out)	-	(508,004)	(211,445)	(4,000,000)
Net Income	\$ 697,505	\$ 26	\$ 234,705	\$(3,599,041)
Beginning Working Cash Fund Balance	\$ 5,187,374	\$ 5,884,879	\$ 5,884,905	\$ 6,119,610
Ending Working Cash Fund Balance	\$ 5,884,879	\$ 5,884,905	\$ 6,119,610	\$ 2,520,569

PENSION AND RETIREMENT PLAN

In addition to Social Security, the District participates in two retirement systems: The Teachers' Retirement System of the State of Illinois ("TRS") and the Illinois Municipal Retirement Fund ("IMRF"). Information regarding the District's obligations to these systems is described in the Audited Financial Statements for the fiscal year ending June 30, 2004, Note 12.

CONTINUING DISCLOSURE

The District will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c-12 (the "Rule") adopted by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934. The information which is to be provided on an annual basis, the events which will be reported on an occurrence basis and the other terms of the Undertaking, including termination, amendment and remedies, are set forth in Appendix C, "FORM OF THE CONTINUING DISCLOSURE UNDERTAKING."

The District has represented that it is in compliance with each and every undertaking previously entered into by it pursuant to the Rule. A failure by the District to comply with the Undertaking will not constitute a default under the Bond Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See Appendix C, "FORM OF THE CONTINUING DISCLOSURE UNDERTAKING." A failure by the District to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of

the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability or the liquidity of the Bonds and their market price.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

UNDERWRITING

Griffin, Kubik, Stephens & Thompson, Inc. (the "Underwriter"), has agreed to purchase the Bonds from the District at a purchase price of \$6,046,207.80 (consisting of the par amount of the Bonds plus \$121,207.80 net original issue premium and less \$75,000.00 underwriting discount) plus accrued interest from the dated date to the date of delivery. The Underwriter intends to reoffer the Bonds at a weighted average price of 102.02% of the original principal amount of the Bonds.

TAX MATTERS

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the District's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is not includible in the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations and in computing the "branch profits tax" imposed on certain foreign corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the District with respect to certain material facts solely within the District's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (excluding S Corporations, Regulated Investment Companies, Real Estate Investment Trusts, REMICs and FASITs) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include all tax exempt interest, including interest on the Bonds.

Under the provisions of Section 884 of the Code, a branch profits tax is levied on the "effectively connected earnings and profits" of certain foreign corporations, which include tax-exempt interest such as interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity, the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary

income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service will treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

QUALIFIED TAX EXEMPT OBLIGATIONS

Subject to the District's compliance with certain covenants, in the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable tax treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

ORIGINAL ISSUE DISCOUNT

The initial public offering price of the Bonds maturing on December 1, 2020, 2022, 2023 and 2025 (the "OID Bonds") is less than the principal amount payable at maturity. The difference between the Issue Price (defined below) of each maturity of the OID Bonds and the principal amount payable at maturity is original issue discount. The issue price (the "Issue Price") for each maturity of the OID Bonds is the price at which a substantial amount of such maturity of the OID Bonds is first sold to the public. The Issue Price of each maturity of the Bonds is expected to be the amount set forth on the cover page hereof but is subject to change based on actual sales.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such Bond to its stated maturity, subject to the condition that the District complies with the covenants discussed under "Tax Exemption" above, (a) the full amount of original issue discount with respect to such Bond constitutes interest which is not includible in the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year.

If a Bond issued with original issue discount is purchased at any time for a price that is less than the Bond's Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased such Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Such treatment would apply to any purchaser who purchases such Bond for a price that is less than its Revised Issue Price.

Owners of OID Bonds who dispose of OID Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase OID Bonds in the initial public offering, but at a price different from the Issue Price or purchase OID Bonds subsequent to the initial public offering should consult their own tax advisors. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original issue discount on such Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of Bonds issued with original issue discount should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such Bonds.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel (the "Bond Counsel"), who has been retained by, and acts as, Bond Counsel to the District. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Final Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Final Official Statement, except that in its capacity as Bond Counsel, Chapman and Cutler LLP has, at the request of the Underwriter, supplied the information under the heading "TAX MATTERS."

ABSENCE OF MATERIAL LITIGATION

There is no controversy or litigation of any nature now pending or, to the knowledge of the District, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or the levy and collection of taxes to pay the same; or questioning the proceedings or authority pursuant to which the Bonds are issued and taxes levied, or questioning or relating to the validity of the Bonds or contesting the corporate existence of the District or the titles of its present officers to the respective offices.

BOND RATING

Standard and Poor's has assigned its municipal bond rating of "AAA" to the Bonds with the understanding that upon delivery of the Bonds, a Policy insuring the scheduled payment of principal of and interest on the Bonds will be issued by AMBAC Assurance Corporation.

Standard & Poor's has assigned an underlying rating of "A" with regard to the capacity of the District to pay the Bonds, subject to delivery of the Bonds, without giving effect to the third party financial guarantee which applies to the Bonds.

These ratings may be changed, suspended or withdrawn as a result of changes in, or unavailability of information and such change in ratings may have an effect on the market price of the Bonds.

THE FINAL OFFICIAL STATEMENT

This Final Official Statement includes the cover page, reverse thereof, Statement Summary, and the Appendices hereto.

All references to material not purporting to be quoted in full are only summaries of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is hereby made to such instruments, documents and other materials for the complete provision thereof, copies of which will be furnished upon request to the District.

ACCURACY AND COMPLETENESS OF THE FINAL OFFICIAL STATEMENT

This Final Official Statement has been approved for distribution to prospective purchasers and the Underwriter of the Bonds, by the District. All of the statements and data presented herein have been obtained from reliable sources and are believed to be correct but are not guaranteed by the District.

The District's officials will provide to the original purchaser of the Bonds at the time of delivery of the Bonds, a certificate confirming to the purchaser that, to the best of their knowledge and belief, the Near Final Official Statement and Final Official Statement, with respect to the Bonds, at the time of the sale and delivery of the Bonds, was true and correct in all material respects and did not at any time contain an untrue statement of a material fact or omit to state a material fact required to be stated, where necessary to make the statements, in light of the circumstances under which they were made, not misleading.

/s/ Kathleen Manno
President, Board of Education
Thornton Fractional Township High School
District Number 215
Cook County, Illinois

Date: June 28, 2005

Appendix A

Audited Financial Statements for

**Thornton Fractional Township High School District Number 215
Cook County, Illinois**

for the Year Ended June 30, 2004

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL

DISTRICT NO. 215, COOK COUNTY, ILLINOIS

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2004

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John Kasper & Co., Inc.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Education
Thornton Fractional Township High School District No. 215
Calumet City, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Thornton Fractional Township High School District No. 215, as of and for the year ended June 30, 2004, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Thornton Fractional Township High School District No. 215 management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, each major fund, and the aggregate remaining fund information of Thornton Fractional Township High School District No. 215, as of June 30, 2004, and the respective changes in financial position thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2004, on our consideration of Thornton Fractional Township High School District No. 215's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Thornton Fractional Township High School District No. 215's basic financial statements. The accompanying budgetary comparison schedules listed as Required Supplementary Information in the table of contents are supplementary information required by the Governmental Accounting Standards Board and the accompanying schedules listed as Other Supplementary Information in the table of contents are presented for purposes of additional analysis. Such information is not a required part of the basic financial statements of Thornton Fractional Township High School District No. 215; however, it has been subjected to the auditing procedures applied in the audit of the basic financial statements referred to above and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Governmental Accounting Standards Board has determined that a management's discussion and analysis is necessary to supplement, although not required to be part of, the basic financial statements. Thornton Fractional Township High School District No. 215 has not presented this supplementary information.

John Kasperuk Co, Inc

October 9, 2004

John Kasperek Co., Inc.

Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education
Thornton Fractional Township High School District No. 215
Calumet City, Illinois

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Thornton Fractional Township High School District No. 215, as of and for the year ended June 30, 2004, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 9, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Thornton Fractional Township High School District No. 215's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether Thornton Fractional Township High School District No. 215's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the School Board, the Illinois State Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


October 9, 2004

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF NET ASSETS
JUNE 30, 2004

<u>ASSETS</u>	<u>Governmental Activities</u>
Cash/investments - pooled accounts	\$ 9,278,371
Cash at district	35,000
Restricted investments	15,364,968
Property taxes receivable, net	12,111,797
Due from other governments	1,436,740
Accrued interest receivable	235,993
Capital assets	
Land	560,301
Construction-in-progress	6,717,131
Depreciable capital assets, net	<u>4,529,941</u>
Total capital assets, net of depreciation	<u>11,807,373</u>
TOTAL ASSETS	<u>\$ 50,270,242</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 1,245,636
Accrued payroll and related items	117,846
Deferred revenue	11,783,798
Due to other governments	54,859
Other current liabilities	10,000
Accrued interest payable	72,200
Long-term liabilities	
Portion due or payable within one year	
Bonds and other long-term debt	1,340,403
Accrued compensated absences	205,681
Portions due or payable after one year	
Bonds and other long-term debt	18,869,400
Accrued compensated absences	<u>122,630</u>
TOTAL LIABILITIES	<u>33,822,453</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	6,763,246
Restricted for	
Debt service	1,267,844
Other purposes	10,666
Unrestricted	<u>8,406,033</u>
TOTAL NET ASSETS	<u>\$ 16,447,789</u>

The accompanying notes are an integral part of this statement

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Instruction					
Regular instruction	\$ 12,971,920	\$ 522,444	\$ 315,011	\$ -	\$ (12,134,465)
Special education instruction	1,839,557	-	1,082,611	-	(756,946)
Other instruction	2,676,388	71,891	144,707	-	(2,459,790)
State retirement contribution	2,375,612	-	2,375,612	-	-
	<u>19,863,477</u>	<u>594,335</u>	<u>3,917,941</u>	<u>-</u>	<u>(15,351,201)</u>
Support services					
Pupil services	2,309,792	-	96,751	-	(2,213,041)
Instructional staff services	519,277	-	30,123	-	(489,154)
General administration services	1,755,687	-	-	-	(1,755,687)
School administration services	1,731,904	-	-	-	(1,731,904)
Business services	553,403	-	-	-	(553,403)
Facilities acquisition and construction services	325,969	-	-	-	(325,969)
Operation & maintenance of plant services	3,519,943	16,805	-	-	(3,503,138)
Pupil transportation services	1,290,845	29,808	827,410	-	(433,627)
Food services	833,097	541,937	332,799	-	41,639
Central & other support services	622,030	-	-	-	(622,030)
	<u>13,461,947</u>	<u>588,550</u>	<u>1,287,083</u>	<u>-</u>	<u>(11,586,314)</u>
Community services	13,269	-	1,019	-	(12,250)
Nonprogrammed charges	2,204,577	-	-	-	(2,204,577)
Interest and fees	866,381	-	-	-	(866,381)
Depreciation - unallocated *	383,240	-	-	-	(383,240)
Total Governmental Activities	<u>\$ 36,792,891</u>	<u>\$ 1,182,885</u>	<u>\$ 5,206,043</u>	<u>\$ -</u>	<u>\$ (30,403,963)</u>

General Revenues

Taxes:

Property taxes, levied for current operating purposes	20,613,532
Property taxes, levied for debt service	2,199,640
Corporate personal property replacement taxes	658,022
General state aid	5,949,894
Investment earnings	646,827
Change in net assets	(336,048)
Net assets - beginning (restated)	16,783,837
Net assets - ending	<u>\$ 16,447,789</u>

* The amount excludes the depreciation that is included in the direct expenses of the various functions. See Note 3.

The accompanying notes are an integral part of this statement

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004

	Educational	Working Cash	Site and Construction	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash/investments - pooled accounts	\$ 3,079,250	\$ 2,515,736	\$ (20,673)	\$ 3,704,058	\$ 9,278,371
Cash at district	35,000	-	-	-	35,000
Investments	-	-	15,364,968	-	15,364,968
Property taxes receivable, net	9,187,413	190,386	-	2,733,998	12,111,797
Due from other governments	556,761	-	-	879,979	1,436,740
Accrued interest on investments	-	-	235,993	-	235,993
TOTAL ASSETS	<u>\$ 12,858,424</u>	<u>\$ 2,706,122</u>	<u>\$ 15,580,288</u>	<u>\$ 7,318,035</u>	<u>\$ 38,462,869</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 375,502	\$ -	\$ 719,099	\$ 151,035	\$ 1,245,636
Accrued payroll and related liabilities	71,710	-	-	46,136	117,846
Deferred revenue	9,388,273	185,552	-	3,481,645	13,055,470
Due to other governments	54,859	-	-	-	54,859
Other current liabilities	-	-	-	10,000	10,000
TOTAL LIABILITIES	<u>9,890,344</u>	<u>185,552</u>	<u>719,099</u>	<u>3,688,816</u>	<u>14,483,811</u>
<u>FUND BALANCES</u>					
Reserved	10,666	-	-	-	10,666
Unreserved	2,957,414	2,520,570	14,861,189	-	20,339,173
Unreserved, reported in nonmajor:					
Special revenue funds	-	-	-	756,622	756,622
Debt service funds	-	-	-	1,338,044	1,338,044
Capital projects funds	-	-	-	1,534,553	1,534,553
TOTAL FUND BALANCES	<u>2,968,080</u>	<u>2,520,570</u>	<u>14,861,189</u>	<u>3,629,219</u>	<u>23,979,058</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,858,424</u>	<u>\$ 2,706,122</u>	<u>\$ 15,580,288</u>	<u>\$ 7,318,035</u>	<u>\$ 38,462,869</u>

The accompanying notes are an integral part of this statement

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004

Total fund balances for governmental funds (page 6)		\$ 23,979,058
Amounts reported for governmental activities in the statement of net assets (page 4) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		11,807,373
Some of the District's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.		
Restricted state aid (special education and transportation claims)	\$ 1,271,672	
Investment earnings	<u> -</u>	1,271,672
Accrued interest payable on long-term liabilities is not currently due and therefore is not reported in the funds.		(72,200)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of:		
Bonds payable	(20,045,000)	
Capital lease obligations	(164,803)	
Accrued compensated absences	<u>(328,311)</u>	<u>(20,538,114)</u>
 NET ASSETS (page 4)		 <u>\$ 16,447,789</u>

The accompanying notes are an integral part of this statement

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004

	Educational	Working Cash	Site and Construction	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 17,077,571	\$ 339,501	\$ -	\$ 5,396,100	\$ 22,813,172
Personal property replacement taxes	310,011	-	-	348,011	658,022
Charges for services	1,136,272	-	-	46,613	1,182,885
Investment earnings	98,952	61,458	540,289	72,538	773,237
Unrestricted state aid	5,349,894	-	-	600,000	5,949,894
Restricted state aid	801,178	-	-	761,841	1,563,019
State retirement contributions	2,375,612	-	-	-	2,375,612
Restricted federal aid	1,099,019	-	-	-	1,099,019
TOTAL REVENUES	<u>28,248,509</u>	<u>400,959</u>	<u>540,289</u>	<u>7,225,103</u>	<u>36,414,860</u>
EXPENDITURES					
Current operating					
Instruction					
Regular instruction	12,846,253	-	-	134,427	12,980,680
Special education instruction	1,795,195	-	-	44,362	1,839,557
Other instruction	2,650,845	-	-	45,581	2,696,426
State retirement contributions	2,375,612	-	-	-	2,375,612
Support services					
Pupil services	2,230,472	-	-	79,320	2,309,792
Instructional staff services	509,548	-	-	9,729	519,277
General administration services	1,725,734	-	-	30,132	1,755,866
School administration services	1,672,184	-	-	67,557	1,739,741
Business services	514,646	-	-	37,890	552,536
Operation & maintenance of plant services	276,167	-	-	3,247,555	3,523,722
Pupil transportation services	1,158	-	-	1,289,687	1,290,845
Food services	788,542	-	-	40,593	829,135
Central and other support services	583,905	-	-	37,690	621,595
Community services	13,238	-	-	31	13,269
Nonprogrammed charges	2,204,577	-	-	-	2,204,577
Debt service	70,530	-	-	2,192,710	2,263,240
Capital outlay	171,295	-	4,705,332	318,131	5,194,758
TOTAL EXPENDITURES	<u>30,429,901</u>	<u>-</u>	<u>4,705,332</u>	<u>7,575,395</u>	<u>42,710,628</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,181,392)</u>	<u>400,959</u>	<u>(4,165,043)</u>	<u>(350,292)</u>	<u>(6,295,768)</u>
OTHER FINANCING SOURCES (USES)					
Permanent transfers	4,000,000	(4,000,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,000,000</u>	<u>(4,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,818,608	(3,599,041)	(4,165,043)	(350,292)	(6,295,768)
FUND BALANCES - Beginning of the Year	<u>1,149,472</u>	<u>6,119,611</u>	<u>19,026,232</u>	<u>3,979,511</u>	<u>30,274,826</u>
FUND BALANCES - End of Year	<u>\$ 2,968,080</u>	<u>\$ 2,520,570</u>	<u>\$ 14,861,189</u>	<u>\$ 3,629,219</u>	<u>\$ 23,979,058</u>

The accompanying notes are an integral part of this statement

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004

Net change in fund balances - total governmental funds (page 8) \$ (6,295,768)

Amounts reported for governmental *activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. A difference results by the amount by which depreciation expense differs from capital outlay in the period:

Capital outlay reported in governmental fund statements	\$ 5,194,758	
Depreciation expense reported in the statement of activities	<u>(712,844)</u>	
Net adjustment		4,481,914

Repayment of principal on long-term debt is an expenditure in the governmental funds but reduces the liability in the statement of net assets:

Repayments	<u>1,394,869</u>	
Net adjustment		1,394,869

Under the modified accrual basis of accounting used in the governmental funds, revenues are not recognized for transactions that do not meet the available criterion for recognition in the current period. In the statement of activities, however, which is presented on the accrual basis, revenues are reported regardless of when they are collected. This adjustment combines the net change of the following revenues:

Investment earnings	(126,410)	
Restricted state aid	<u>168,393</u>	
Combined adjustment		41,983

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net change of the following balances:

Accrued compensated absences	38,964	
Accrued interest on long-term liabilities	<u>1,990</u>	
Combined adjustment		<u>40,954</u>

Change in net assets of governmental activities (page 5) \$ (336,048)

The accompanying notes are an integral part of this statement

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2004

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and investments	<u>\$ 256,588</u>
<u>LIABILITIES</u>	
Due to activity fund organizations	<u>\$ 256,588</u>

The accompanying notes are an integral part of this statement

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
NOTES TO FINANCIAL STATEMENT
JUNE 30,2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. THE FINANCIAL REPORTING ENTITY

Thornton Fractional Township High School District No. 215 (the "District") is located in Southern Cook County, Illinois. The District is responsible for educating students in ninth through twelfth grades who reside within the geographical boundaries of the Village of Burnham, City of Calumet City, Village of Lansing, and Village of Lynwood.

The District is a primary government. It was organized as a legal township high school district on April 12, 1926 and is governed by a Board of Education composed of seven elected members. These financial statements present Thornton Fractional Township High School District No. 215, a legally separate and fiscally independent government.

There are no legally separate organizations for which the elected officials of the District are financially accountable that would be considered to be a component unit of the District's financial reporting entity.

B. BASIS OF PRESENTATION

District-wide Financial Statements: The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements present governmental activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements: The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental* and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or if the assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all governmental funds. Also, the school district may decide what is a major fund. All remaining governmental funds are aggregated and reported as nonmajor funds.

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds.

The District reports the following major governmental funds:

The *Educational Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Tort Immunity and Special Education are included in this fund.

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
NOTES TO FINANCIAL STATEMENT
JUNE 30,2004

The *Working Cash Fund* is a special revenue fund created when a separate tax is levied for working cash purposes or if bonds are sold for this purpose.

The *Site and Construction Fund* is a capital projects fund created to account for financial resources to be used for the acquisition or construction of major capital facilities.

Other governmental (nonmajor) funds of the District consist of the following funds:

The *Operations and Maintenance Fund* is a special revenue fund used to account for all costs of maintaining, improving, or repairing school buildings and property or renting buildings and property for school purposes and the related revenues.

The *Transportation Fund* is a special revenue fund created when the District pays the costs of transporting pupils for any purpose. Moneys received for transportation purposes from any source and related costs of transportation are accounted for in this fund.

The *Municipal Retirement/Social Security Fund* is a special revenue fund created when a separate tax is levied for the purpose of providing resources for the District's share of retirement benefits and/or social security and medicare only payments for covered employees.

The *Bond and Interest Fund* is a debt service fund maintained to account for separate taxes levied to provide cash to retire bonds and to pay the interest and other related costs on them.

The *Fire Prevention and Safety Fund* is a capital projects fund created when a tax is levied or bonds issued for fire prevention, safety, energy conservation or school security purposes. The moneys received from the levy or the proceeds of the bond issue may only be used for the purposes stipulated in Section 17-2.11 of the School Code.

Fiduciary fund types are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

The District reports the following fiduciary fund type:

Agency Funds include both Student Activity Funds and Convenience Accounts. They account for assets held by the District as an agent for the students and teachers. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the activity fund organizations are equal to the assets.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

District-wide and Fiduciary Fund Financial Statements

The district-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (i.e., intended to finance). Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215

NOTES TO FINANCIAL STATEMENT

JUNE 30, 2004

The District considers all revenues reported in the governmental funds to be available if the revenues are due (or past due) within sixty days after year-end. Property taxes, grants, tuition and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. CASH AND INVESTMENTS

The Thornton Fractional Township School Treasurer is the official custodian of moneys for the school districts within the township, including the District, as prescribed by Chapter 105, Section 5, Article 8 of the *Illinois Compiled Statutes*. The Township School Treasurer's Office, a legally separate entity under the oversight of the Thornton Fractional Township Trustees of Schools, pools the districts' moneys and invests, on the districts' behalf, in a cash and investment portfolio.

The Township School Treasurer's Office has adopted a formal written investment and cash management policy. The policy requires collateralization or independent third party insurance for deposits in federally insured institutions in excess of FDIC coverage limits, and other institutions in which the Treasurer's Office has invested. The Township School Trustees must approve the type of institution in which investments are made.

Deposits held in the District's name, consisting of imprest and activity fund accounts, are reported at cost. The District's equity in the Township School Treasurer's Pool is reported at fair value.

E. PROPERTY TAXES RECEIVABLE

Property taxes receivable represent the 2003 and prior net uncollected tax levies. An allowance for estimated collection losses of 5% of the total levy has been provided to reduce the receivable to the estimated amounts collectible.

F. CAPITAL ASSETS

Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental activities column in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$2,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements with total project costs of \$10,000 or greater are capitalized as projects are constructed.

Land improvements, buildings, furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
NOTES TO FINANCIAL STATEMENT
JUNE 30,2004

<u>Asset Class</u>	<u>Estimated Useful Lives (Years)</u>
Land improvements	20
Building improvements	20 - 40
Transportation equipment	5
Other equipment	5 - 20

G. DEFERRED REVENUE

Deferred revenues at the fund level arise when potential revenue does not meet the available criterion for recognition in the current period. Deferred revenues also arise when the District receives resources before it has a legal claim to them. In subsequent periods, when the revenue recognition criterion is met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet, and revenue is recognized. Deferred revenues at the district-wide level arise only when the District receives resources before it has a legal claim to them.

H. COMPENSATED ABSENCES

The District's vacation and sick leave policies and agreements permit employees to accumulate earned but unused vacation and sick leave. Noncertified employees earn vacation days during the year at varying rates based on years of service. These vacation days must be taken within the subsequent year or are lost. Certified employees who work less than 12 calendar months per year do not earn vacation days. Employees receive 15 sick days annually and the unused portion is accumulated and carried forward. Employees who retire, resign or are dismissed as a result of a reduction of force and who have at least ten years of full time service in the District receive compensation for their accumulated sick leave, less any days of sick leave credited to a retirement system. Members of TRS and IMRF (see Note 12) may receive a maximum of two years and one year of credit, respectively, at retirement for unused, uncompensated sick leave.

The liability for sick leave is estimated using the vesting method and assumes that any days available for up to one year of service credit will be credited to a retirement system rather than paid by the District. In the fund financial statements, governmental funds report compensated absences as expenditures and as fund liabilities to the extent that the liabilities have matured (that is, became due for payment during the period). The liabilities for compensated absences that are not currently payable are reported as long-term liabilities in the district-wide statements.

I. USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

The District is allowed to invest in securities as authorized by the *Illinois Compiled Statutes*, Chapter 30, Sections 235/2 and 235/6; and Chapter 105, Section 5/8-7.

All deposits and investments of the District, except imprest and activity fund accounts, are maintained in the external cash and investment pool managed by the Thornton Fractional Township School Treasurer's Office. The Thornton Fractional Township School Treasurer's Office maintains a cash and investment pool that is available for use by all funds. Each fund's portion of the pool and the District's total portion of the pool are

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2004

displayed on the respective fund or district-wide financial statements as "Cash/investments - pooled accounts". In addition, the Thornton Fractional Township School Treasurer's Office's external cash and investment pool holds investments separately for the District's Site and Construction Fund. These investments are displayed on the fund financial statements as "Investments" and on the district-wide financial statements as "Restricted Investments". The investments are classified as restricted because their use is restricted by applicable bond and grant covenants.

The District's imprest and activity fund accounts at year-end were entirely covered by federal depository insurance.

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004, was as follows:

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 560,301	\$ -	\$ -	\$ 560,301
Construction in progress	<u>1,708,283</u>	<u>5,008,848</u>	<u>-</u>	<u>6,717,131</u>
Total capital assets not being depreciated	<u>2,268,584</u>	<u>5,008,848</u>	<u>-</u>	<u>7,277,432</u>
<i>Capital assets being depreciated:</i>				
Buildings	21,413,505	-	8,052,478	13,361,027
Land improvements	2,016,712	-	483,914	1,532,798
Equipment	<u>5,869,168</u>	<u>1,390,653</u>	<u>-</u>	<u>7,259,821</u>
Total capital assets being depreciated	<u>29,299,385</u>	<u>1,390,653</u>	<u>8,536,392</u>	<u>22,153,646</u>
Less accumulated depreciation for:				
Buildings	11,830,434	273,910	1,444,892	10,659,452
Land improvements	634,615	324,538	-	959,153
Equipment	2,322,414	<u>3,682,686</u>	<u>-</u>	<u>6,005,100</u>
Total accumulated depreciation	<u>14,787,463</u>	<u>4,281,134</u>	<u>1,444,892</u>	<u>17,623,705</u>
Total capital assets being depreciated, net	<u>14,511,922</u>	<u>(2,890,481)</u>	<u>(7,091,500)</u>	<u>4,529,941</u>
Governmental activity capital assets, net	<u>\$16,780,506</u>	<u>\$2,118,367</u>	<u>\$(7,091,500)</u>	<u>\$ 11,807,373</u>

Total depreciation for the year is \$712,844. Depreciation expense is reported on the Statement of Activities. It is not allocated to specific functions/programs of the District, except for \$325,969 of depreciation on buildings and land improvements, which is charged to facilities acquisition and construction services and \$3,635 of depreciation on food service equipment, which is charged to food services.

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
NOTES TO FINANCIAL STATEMENT
JUNE 30,2004

4. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2004, was as follows:

	Beginning			Ending	Amounts
	Balance	Additions	Reductions	Balance	Due Within
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
General obligation bonds	\$ 21,370,000	\$ -	\$ (1,325,000)	\$ 20,045,000	\$ 1,300,000
Capital lease obligations	-	164,803	-	164,803	40,403
State technology revolving	69,869	-	(69,869)	-	-
Accrued vacation pay	231,755	-	(30,204)	201,551	201,551
Accrued sick leave	<u>135,520</u>	<u>-</u>	<u>(8,760)</u>	<u>126,760</u>	<u>4,130</u>
	<u>\$ 21,807,144</u>	<u>\$ 164,803</u>	<u>\$ (1,433,833)</u>	<u>\$ 20,538,114</u>	<u>\$ 1,546,084</u>

A. BONDS PAYABLE

General obligation bonds payable at June 30, 2004, consisted of the following individual issues:

\$3,100,000 School Bonds, Series 1998, dated July 1, 1998, \$2,250,000 issued for life safety purposes and \$850,000 issued for funding purposes; providing for the serial retirement of principal on December 1 and interest payable on June 1 and December 1 of each year at a rate of 5.00 percent through December 2006. \$ 1,785,000

\$9,995,000 School Bonds, Series 2002, dated December 15, 2002 issued for building purposes; providing for the serial retirement of principal on December 1 and interest payable on June 1 and December 1 of each year at rates varying from 2.50 to 4.60 percent through December 2022; bonds due on or after December 1, 2013 are subject to redemption prior to maturity at the option of the District as a whole or in part on December 1, 2012 or any date thereafter. 9,635,000

\$9,000,000 School Bonds, Series 2003, dated February 1, 2003 issued for building purposes; providing for the serial retirement of principal on December 1 and interest payable on June 1 and December 1 of each year at rates varying from 2.50 to 5.00 percent through December 2022; bonds due on or after December 1, 2013 are subject to redemption prior to maturity at the option of the District as a whole or in part on December 1, 2012 or any date thereafter. 8,625,000

\$20,045,000

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2004

At June 30, 2004, the annual cash flow requirements of bond principal and interest were as follows:

Year Ending	<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005		\$ 1,300,000	\$ 818,395	\$ 2,118,395
2006		1,340,000	769,520	2,109,520
2007		1,225,000	721,970	1,946,970
2008		730,000	689,220	1,419,220
2009 – 2013		4,085,000	2,973,963	7,058,963
2014 – 2018		5,080,000	1,966,738	7,046,738
2019 – 2023		<u>6,285,000</u>	<u>734,361</u>	<u>7,019,361</u>
		<u>\$20,045,000</u>	<u>\$8,674,167</u>	<u>\$28,719,167</u>

The above principal and interest will be liquidated from net equity available in the Debt Service Fund and debt service levies in future periods.

B. OTHER LONG-TERM DEBT

Other long-term liabilities at June 30, 2004, consisted of the following:

The District acquired copiers under the provisions of a lease purchase agreements. The copiers leases are for three to five years, which expire on various dates through October, 2008. All lease terms are subject to annual appropriation of funds. \$164,803

At June 30, 2004, the annual cash flow requirements of other long-term liabilities were as follows:

Year Ending	<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005		\$ 40,403	\$ 2,000	\$ 42,403
2006		33,057	9,346	42,403
2007		36,119	6,283	42,402
2008		38,214	4,188	42,402
2009		<u>17,010</u>	<u>346</u>	<u>17,356</u>
Totals		<u>\$164,803</u>	<u>\$ 22,163</u>	<u>\$ 186,966</u>

The above principal and interest will be retired from funds annually budgeted for such purpose from the Educational Fund.

5. SPECIAL TAX LEVIES AND RESERVED FUND BALANCE

A. TORT IMMUNITY LEVY

Revenues received and the related expenditures of this restricted tax levy are accounted for in the Educational Fund. At June 30, 2004, tort immunity had a deficit of \$28,610. The District anticipates using future revenues to cover the deficit. When the fund had a surplus, the funds are restricted for future tort immunity expenditures in accordance with Chapter 745, Section 10/9-101 to 9-107 of the *Illinois Compiled Statutes*.

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
NOTES TO FINANCIAL STATEMENT
JUNE 30,2004

B. SPECIAL EDUCATION LEVY

Revenues and the related expenditures of this restricted tax levy are accounted for in the Educational Fund. A portion, \$10,666 of this fund's equity represents the excess of cumulative revenues over cumulative expenditures, which is restricted for future special education expenditures in accordance with Chapter 105, Section 5/17-2.2a of the *Illinois Compiled Statutes*.

6. PROPERTY TAXES

The District's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. Property tax is appraised by the County Assessor at various percentages of fair market value and then subjected to equalization by the Illinois Department of Revenue to bring the aggregate County level toward the statutory standard of 33-1/3 of fair market value.

Property taxes levied for any year attach as an enforceable lien on property as of January 1 and are due and payable the following calendar year in two installments. The first installment is computed at ½ of the prior year's bill and is mailed in late January with a March 1 due date. The second installment is computed after the assessed valuations for the current year have been determined. The statutory due date for the second installment of taxes is August 1; however, taxpayers have 30 days after the mailing of the tax bills to remit payment without incurring a penalty. Typically, depending on the date the tax bills are mailed, the actual due date for the second installment varies from August 1 to November 1. The District receives significant distributions of tax receipts approximately one month after these due dates.

The Board passed the current levy on December 16, 2003. The District recognizes the first installment of its current levy and the second installment of its first prior levy within any given fiscal year. The following are the tax rate limits permitted by the School Code and by local referendum and the actual rates levied per \$100.00 of equalized assessed valuation for the levies recognized, in part, within the fiscal year ended June 30, 2004:

	<u>Limit</u>	Actual <u>2003 Levy</u>	Actual <u>2002 Levy</u>
Educational	2.5842	2.3892	2.2187
Tort Immunity	As needed	.0027	.0261
Special Education	.020	.0183	.0172
Operations and Maintenance	.350	.2746	.3005
Transportation	.120	.0618	.0697
Municipal Retirement	As needed	.0069	.0135
Social Security	As needed	.0712	.0711
Bond and Interest	As needed	.2999	.2953
Life Safety	.050	--	--
Working Cash	.050	<u>.0500</u>	<u>.0429</u>
		<u>3.1755</u>	<u>3.0550</u>

For taxing districts in Cook County, including the District, the tax rate limit is required to be applied to the equalized assessed valuation (EAV) of property for the levy year prior to the levy year for which taxes are then being extended. The actual levy rate is stated based on the current EAV of property. As a result, a tax rate may be at its maximum for the levy year even though it is less than its corresponding limit.

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2004

7. INTERFUND TRANSFERS

Permanent transfers on the fund statements for the year ended June 30, 2004 consist of the following:

	<u>Amount</u>
Transferred from Working Cash Fund to major (Educational) Fund	\$4,000,000

The transfer was made to supplement revenues of the District's Educational Fund in order to sustain a positive fund balance.

8. JOINT VENTURES

A. EXCEPTIONAL CHILDREN HAVE OPPORTUNITIES (A JOINT AGREEMENT)

The District is a participant in Exceptional Children Have Opportunities (ECHO), which was established as a result of a joint agreement between 17 local public school districts for the purpose of providing special education services to the children of its member districts. The joint agreement is governed by a Board of Directors composed of superintendents (or an alternative person appointed by the superintendent) from each member district. Complete financial statements of the joint agreement may be obtained from its administrative office at 350 West 154th Street, South Holland, Illinois 60473. The District paid \$1,265,067 to ECHO for tuition and services during the year ended June 30, 2004.

The following is summary financial information on the joint agreement as of and for the year ended June 30, 2003, the most recent information available:

Total fund assets-cash basis	\$15,173,940	General long-term debt	\$ --
Total fund liabilities-cash basis	\$ 52,446	Revenues received	\$ 32,805,781
Total fund balance-cash basis	\$13,563,104	Expenditures disbursed	\$ 33,330,961
General fixed assets	\$ 1,558,390	Net increase in fund balance	\$ (525,180)

B. THORNTON FRACTIONAL AREA EDUCATIONAL COOPERATIVE

The District is a participant in Thornton Fractional Area Educational Cooperative, which was established as a result of a joint agreement between 7 local public school districts for the purpose of promoting articulation and effectively utilizing state and federal funds. Its responsibilities include operation of the federal Title I program for its member districts. The cooperative is governed by a Board of Superintendents composed of the superintendent from each member district. As of June 30, 2003, the most recent information available, the total cash and fund balance for the entity was \$162,897. Complete financial statements for the cooperative may be obtained from its administrative office at 17121 Roy Street, Lansing, Illinois 60438.

9. CONTINGENCIES

The District has received funding from State and Federal grants in the current and prior years, which are subject to audits by the granting agencies. The school board believes any adjustments that may arise from these audits will be insignificant to district operations.

10. RISK MANAGEMENT

The District is exposed to various risks of loss including general liability, property and casualty, errors and omissions, workers compensation, unemployment compensation and employee health and medical benefits. In lieu of paying unemployment contributions, the District has elected to reimburse the State of Illinois for the actual amount of benefits paid to their former workers.

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
NOTES TO FINANCIAL STATEMENT
JUNE 30,2004

The District has elected to provide employee health and medical benefits through a self-insured plan and, accordingly, is liable for all employees' health claims that are approved for payment. The District has obtained stop-loss insurance from a commercial company to limit the District's liability for individual and aggregate claims. The stop-loss coverage limits for the plan year ending December 31, 2004 are \$100,000 for individual claims and approximately \$2,700,000 for aggregate claims. The aggregate stop-loss limit is equal to \$9,021 multiplied by the average number of employees during the stop-loss coverage period. Claims expenditures and liabilities are reported in the Educational Fund when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The liability for unpaid claims is estimated based on known claims incurred but not paid that were processed in the two months following year-end. A summary of changes in the reported claims liability for the current and prior fiscal year is presented below.

Year Ended June 30	Liability at Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2004	\$326,653	\$2,159,615	\$2,257,420	\$228,848
2003	\$303,572	\$1,856,540	\$1,833,459	\$326,653

For all other risks of loss, the District has joined together with other school districts to form various pools through which to manage its risk of loss. The District is a member of Suburban School Cooperative Insurance Pool (SSCIP) for its general liability, property and casualty and errors and omissions coverage and School Employee Loss Fund (SELF) for workers compensation coverage. These public entity risk pools operate as common risk management and insurance programs. They receive premiums from member districts and reinsure through commercial companies to limit the liability for claims in excess of coverage provided by the pool.

11. COMMITMENTS

As of June 30, 2004, the District is committed under various construction contracts in the approximate amount of \$1,837,414, which will be liquidated as the contracts are completed during the next fiscal year from existing resources of the District's Capital Projects Funds.

12. EMPLOYEE RETIREMENT SYSTEMS

The District participates in two retirement systems: the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF).

A. TEACHERS' RETIREMENT SYSTEM

TRS is a cost-sharing, multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. Active TRS members are required to contribute 9 percent of their creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. In addition, virtually all members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The member THIS Fund health insurance contribution increased from 0.5 percent to 0.65 percent on January 1, 2002. Beginning on July 1, 2003, it increased to 0.75 percent.

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
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JUNE 30,2004

The State of Illinois makes contributions directly to TRS on behalf of the District's TRS-covered employees as follows:

On-behalf contributions. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2004, State of Illinois contributions were based on 13.98 percent of creditable earnings, and the District recognized revenues and expenditures of \$2,375,612 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2003, and June 30, 2002, the State of Illinois contribution rates as percentages of creditable earnings were 13.01 percent (\$2,098,108) and 12.16 percent (\$1,825,054), respectively.

The District makes four other types of employer contributions directly to TRS. Since January 1, 2002, the district also makes a separate contribution to the THIS Fund for retiree health insurance. However, the employer contribution for the 2.2 formula was reduced by the employer THIS Fund contribution for an 18-month period that ended June 30, 2003.

2.2 formula contributions. Since January 1, 2002, part of the employer's 2.2 formula contribution (0.58 percent of pay) was reduced as a result of a new employer THIS Fund contribution for retiree health insurance (0.4 percent of pay). The remaining 0.18 percent was submitted to TRS. For the year ended June 30, 2003, employers contributed 0.18 percent of pay on paychecks dated after July 1, 2002. Contributions for the year ended June 30, 2003 were \$29,028. Two contribution rates were in effect during the year ended June 30, 2002. For the period January 1, 2002 through June 30, 2002, the employer's 2.2 formula contribution was 0.18 percent of earnings on paychecks dated January 1, 2002 or after. For this period, contributions were \$16,836. For the period July 1, 2001 through December 31, 2001, the employer's 2.2 formula contribution was 0.58 percent of earnings on paychecks dated before January 1, 2002. For this period, contributions were \$32,800. For the year ended June 30, 2004, employers contributed 0.58 percent of creditable earnings. Contributions for the year ending June 30, 2004 were \$98,559.

Federal and trust fund contributions. When TRS members are paid from federal and trust funds administered by the District, there is a statutory requirement for the District to pay an additional contribution that is currently 10.5 percent of salaries paid from those funds. For the year ended June 30, 2004, salaries totaling \$292,379 were paid from federal and trust funds that required employer contributions of \$30,700. For the years ended June 30, 2003, and June 30, 2002, required District contributions were \$27,922 and \$19,373, respectively.

Early Retirement Incentive. The District is required to make employer contributions to TRS for members who retired under the 1993-1995 Early Retirement Incentive (ERI). For each year of service purchased, members received an equal number of years of age. Employers contributed 20 percent of the highest salary used in the calculation of final average salary for each year purchased; member contributions were also required. Employer contributions could be made in a lump sum, over five years in quarterly installments or under a different schedule approved by the TRS Board of Trustees. For the years ending June 30, 2004, June 30, 2003, and June 30, 2002 the District paid no employer contributions under the Early Retirement Incentive.

Early Retirement Option. The District is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option. The payments vary depending on the age and salary of the member. No member or employer contributions are required if the member has 34 years of service. The maximum employer payment of 100 percent of the member's highest salary used in the calculation of final average salary is required if the member is 55 years old. For the year ending June 30, 2004, the District paid \$432,700 for employer contributions under the Early Retirement Option. For the years ended June 30, 2003, and June 30, 2002, the District paid \$451,972 and \$302,866, respectively.

TRS financial information, an explanation of TRS' benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2004

June 30, 2003. The report for the year ended June 30, 2004, is expected to be available in late 2004. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at www.trs.state.il.us.

B. ILLINOIS MUNICIPAL RETIREMENT FUND

The District contributes to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer defined benefit public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. IMRF provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The District is required to contribute at an actuarially determined rate. The employer rate for calendar year 2003 was 5.374 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (an overfunded liability is amortized on an open basis). The amortization period at December 31, 2003 was 10 years.

For December 31, 2003 the District's annual pension cost of \$209,273 was equal to the District's required and actual contributions. The required contribution was determined as part of the December 31, 2001 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 2003 actuarial valuation were based on the 1999 - 2001 experience study.

Trend information and a schedule of funding progress follows for the current year and preceding five years.

TREND INFORMATION

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/03	\$209,273	100%	\$0
12/31/02	\$181,468	100%	\$0
12/31/01	\$201,418	100%	\$0
12/31/00	\$297,695	100%	\$0
12/31/99	\$277,108	100%	\$0
12/31/98	\$254,164	100%	\$0

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
NOTES TO FINANCIAL STATEMENT
JUNE 30,2004

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) --Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/03	\$8,484,219	\$8,036,747	\$(447,472)	105.57%	\$3,897,085	0.000%
12/31/02	\$8,265,943	\$7,339,634	\$(926,309)	112.62%	\$3,749,340	0.00%
12/31/01	\$8,157,808	\$6,718,722	\$(1,439,086)	121.42%	\$3,296,536	0.00%
12/31/00	\$7,235,271	\$5,885,525	\$(1,349,746)	122.93%	\$3,059,555	0.00%
12/31/99	\$6,390,570	\$5,634,850	\$(755,720)	113.41%	\$2,687,762	0.00%
12/31/98	\$5,218,341	\$5,275,649	\$57,308	94.34%	\$2,513,982	2.28%

On a market value basis, the actuarial value of assets as of December 31, 2003 is \$7,569,455. On a market basis, the funded ratio would be 94.19%.

Digest of Changes:

The actuarial assumptions used to determine the actuarial accrued liability for 2003 are based on the 1999 - 2001 Experience Study.

The principle changes were:

Fewer members are expected to take refunds early in their career.

For regular members, fewer normal and early retirements are expected to occur.

13. CHANGE IN ACCOUNTING PRINCIPLES / RESTATEMENTS

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The statement establishes new financial reporting requirements for local governments. It requires new information and restructures much of the information that governments have presented in the past. The District implemented the new financial reporting models for the year ended June 30, 2003, however, updating fixed assets to be in compliance with generally accepted accounting principles were not implemented.

For the year ended June 30, 2004, management created detailed property records relating to individual capital assets. In addition, the District adopted a capitalization policy of adjusting capital assets when they are retired from service. The District is now in compliance with generally accepted accounting principles for accounting for fixed assets.

As a result of implementing GASB #34 for fixed assets, the following restatements were made to beginning net asset amounts:

	Statement of Activities Assets
Net Assets -end of year June 30, 2003 (previously reported)	\$ 26,403,687
<u>Adjustments:</u>	
Decrease costs of depreciable capital assets as of June 30, 2003	(7,496,452)
Increase accumulated depreciation at June 30, 2003	(2,123,398)
Net Assets - beginning of year July1, 2003 (as restated)	\$ 16,783,837

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

EDUCATIONAL FUND

YEAR ENDED JUNE 30, 2004

(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Property taxes	\$ 17,758,132	\$ 16,945,977	\$ 15,414,648
Corporate personal property replacement taxes	256,000	305,051	269,179
Charges for services	979,790	997,552	916,091
Refund of prior year expenditures	60,000	138,720	188,034
Investments earnings	56,500	98,952	162,596
Unrestricted general state aid	5,359,708	5,349,894	3,501,584
Restricted state aid			
Special education	869,500	550,765	775,105
Vocational education	90,411	98,084	177,416
Gifted education	13,903	13,903	20,487
Driver education	75,000	73,022	74,431
ADA safety and educational block grant	104,681	104,021	43,984
Technology - closing the gaps	4,400	-	59,485
Other restricted state grants-in-aid	103,000	78,404	15,061
Total restricted state aid	<u>1,260,895</u>	<u>918,199</u>	<u>1,165,969</u>
Restricted federal aid			
Title V - innovative programs (formerly Title VI)	23,182	19,177	17,203
National school lunch program	260,200	318,250	248,642
Title IV - safe and drug free schools	10,299	14,526	7,504
Special education IDEA flow through	254,052	295,536	206,279
Special education IDEA room and board	280,000	274,362	270,127
Vocational education	87,854	92,133	64,586
Title II - teacher duality/Class size reduction	90,531	90,531	83,226
Goals 2000	-	(54,858)	(54,858)
Medicaid matching fund	60,000	117,636	215,492
Other restricted federal aid	215,000	6,488	20,177
Total restricted federal aid	<u>1,281,118</u>	<u>1,173,781</u>	<u>1,078,378</u>
TOTAL DIRECT REVENUES RECEIVED	<u>27,012,143</u>	<u>25,928,126</u>	<u>22,696,479</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

EDUCATIONAL FUND

YEAR ENDED JUNE 30, 2004

(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Current			
Instruction			
Regular programs			
Salaries	10,532,053	10,567,936	9,613,658
Employee benefits	1,429,000	1,476,981	1,375,724
Purchased services	252,494	221,445	218,557
Supplies and materials	580,437	582,459	874,864
Other	20,352	19,214	19,000
	<u>12,814,336</u>	<u>12,868,035</u>	<u>12,101,803</u>
Special education programs			
Salaries	1,587,636	1,586,595	1,412,049
Employee benefits	196,916	204,606	200,920
Purchased services	3,237	2,773	728
Supplies and materials	8,300	8,239	5,717
Other	-	-	233,537
Tuition	-	-	394,252
	<u>1,796,089</u>	<u>1,802,213</u>	<u>2,247,203</u>
Other instructional programs			
Vocational programs			
Salaries	907,947	920,099	896,270
Employee benefits	81,850	102,384	99,193
Purchased services	17,485	23,861	9,064
Supplies and materials	57,866	49,015	49,721
	<u>1,065,148</u>	<u>1,095,359</u>	<u>1,054,248</u>
Interscholastic programs			
Salaries	1,116,542	1,161,775	1,009,399
Employee benefits	23,300	30,853	21,880
Purchased services	161,987	142,857	122,338
Supplies and materials	128,154	121,860	99,151
Other	48,042	35,732	37,992
	<u>1,478,025</u>	<u>1,493,077</u>	<u>1,290,760</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

EDUCATIONAL FUND

YEAR ENDED JUNE 30, 2004

(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED (Continued)			
Current (continued)			
Instruction (continued)			
Other instructional programs (continued)			
Summer school program			
Salaries	70,000	66,661	66,782
Employee benefits	450	580	380
Supplies and materials	1,500	-	155
	<u>71,950</u>	<u>67,241</u>	<u>67,317</u>
Gifted programs			
Salaries	-	-	6,309
Purchased services	-	-	5,630
Supplies and materials	-	-	1,500
	<u>-</u>	<u>-</u>	<u>13,439</u>
Total other instructional programs	<u>2,615,123</u>	<u>2,655,677</u>	<u>2,425,764</u>
Support services			
Pupil services			
Attendance & social work services			
Salaries	746,606	727,059	487,092
Employee benefits	50,800	67,173	64,985
Supplies and materials	19,631	27,858	13,832
	<u>817,037</u>	<u>822,090</u>	<u>565,909</u>
Guidance services			
Salaries	903,500	893,908	903,005
Employee benefits	82,500	92,448	92,140
Purchased services	68,865	51,291	59,498
Supplies and materials	24,776	12,784	16,999
Other	950	670	220
	<u>1,080,591</u>	<u>1,051,101</u>	<u>1,071,862</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

EDUCATIONAL FUND

YEAR ENDED JUNE 30, 2004

(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED (Continued)			
Current (continued)			
Support services (continued)			
Pupil services (continued)			
Health services			
Salaries	99,287	85,836	96,069
Employee benefits	16,335	23,155	22,496
Supplies and materials	2,560	1,778	2,709
	<u>118,182</u>	<u>110,769</u>	<u>121,274</u>
Psychological services			
Salaries	107,200	103,727	88,451
Employee benefits	17,000	12,408	12,594
Supplies and materials	2,013	1,718	1,993
	<u>126,213</u>	<u>117,853</u>	<u>103,038</u>
Speech pathology and audiology services			
Salaries	92,000	119,960	100,590
Employee benefits	600	1,750	576
Supplies and materials	969	-	845
Other	283	125	90
	<u>93,852</u>	<u>121,835</u>	<u>102,101</u>
Total pupil services	<u>2,235,875</u>	<u>2,223,648</u>	<u>1,964,184</u>
Instructional staff services			
Improvement of instruction services			
Salaries	272,693	195,050	345,262
Employee benefits	27,000	12,033	24,089
Purchased services	76,095	40,375	49,639
Supplies and materials	20,113	5,121	17,793
Other	1,200	546	848
	<u>397,101</u>	<u>253,125</u>	<u>437,631</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

EDUCATIONAL FUND

YEAR ENDED JUNE 30, 2004

(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED (Continued)			
Current (continued)			
Support services (continued)			
Instructional staff services (continued)			
Educational media services			
Salaries	157,117	161,247	229,137
Employee benefits	27,850	28,668	32,636
Purchased services	500	500	5,704
Supplies and materials	30,398	30,098	63,081
	<u>215,865</u>	<u>220,513</u>	<u>330,558</u>
Assessment & Testing services			
Purchased services	4,500	4,411	-
Supplies and materials	30,585	30,335	-
	<u>35,085</u>	<u>34,746</u>	<u>-</u>
Total instructional staff services	<u>648,051</u>	<u>508,384</u>	<u>768,189</u>
General administration services			
Board of education services			
Purchased services	454,211	618,940	422,114
Other	287,000	297,284	276,943
	<u>741,211</u>	<u>916,224</u>	<u>699,057</u>
Executive administration services			
Salaries	269,600	271,876	318,716
Employee benefits	124,000	195,893	505,553
Purchased services	46,700	35,646	47,481
Supplies and materials	13,800	17,756	20,746
Other	9,000	8,930	8,978
	<u>463,100</u>	<u>530,101</u>	<u>901,474</u>
Special area administration services			
Salaries	378,397	385,121	310,223
Employee benefits	38,000	49,688	41,031
Purchased services	17,250	17,393	14,666
Supplies and materials	3,300	2,822	14,055
Other	1,600	2,162	1,374
	<u>438,547</u>	<u>457,186</u>	<u>381,349</u>
Total general administration services	<u>1,642,858</u>	<u>1,903,511</u>	<u>1,981,880</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

EDUCATIONAL FUND

YEAR ENDED JUNE 30, 2004

(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED (Continued)			
Current (continued)			
Support services (continued)			
School administration services			
Office of the principal services			
Salaries	1,257,571	1,283,019	1,223,101
Employee benefits	301,000	317,135	318,822
Purchased services	111,700	100,481	97,392
Supplies and materials	50,400	54,095	62,151
Other	1,000	933	293
Total school administration services	<u>1,721,671</u>	<u>1,755,663</u>	<u>1,701,759</u>
Business services			
Direction of business support services			
Salaries	99,000	113,036	115,973
Employee benefits	31,000	34,717	34,261
Total business services	<u>130,000</u>	<u>147,753</u>	<u>150,234</u>
Fiscal services			
Salaries	207,000	211,080	244,086
Employee benefits	35,000	44,898	43,472
Purchased services	8,000	3,370	7,552
Supplies and materials	4,650	4,308	8,159
Other	1,500	1,088	1,500
Total fiscal services	<u>256,150</u>	<u>264,744</u>	<u>304,769</u>
Food services			
Salaries	305,680	298,623	287,041
Employee benefits	30,450	29,752	30,570
Purchases services	15,000	17,140	8,769
Supplies and materials	378,500	442,697	363,929
Total food services	<u>729,630</u>	<u>788,212</u>	<u>690,309</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

EDUCATIONAL FUND

YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	<u>2004</u>		<u>2003</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Actual</u>
EXPENDITURES DISBURSED (Continued)			
Current (continued)			
Support services (continued)			
Internal services			
Salaries	69,000	77,861	64,528
Employee benefits	50	45	40
Purchased services	9,810	6,342	4,940
Supplies and materials	7,800	5,499	7,565
	<u>86,660</u>	<u>89,747</u>	<u>77,073</u>
Total business services	<u>1,202,440</u>	<u>1,290,456</u>	<u>1,222,385</u>
Operations and maintenance of plant services			
Salaries	204,341	123,598	605,856
Employee benefits	11,000	693	8,150
Purchased services	160,300	151,363	145,334
Supplies and materials	-	-	1,282
	<u>375,641</u>	<u>275,654</u>	<u>760,622</u>
Total operations and maintenance of plant services	<u>375,641</u>	<u>275,654</u>	<u>760,622</u>
Pupil transportation services			
Employee benefits	1,200	1,158	1,193
	<u>1,200</u>	<u>1,158</u>	<u>1,193</u>
Total pupil transportation services	<u>1,200</u>	<u>1,158</u>	<u>1,193</u>
Central and other support services			
Other support services			
Salaries	227,953	250,738	278,626
Employee benefits	20,000	-	-
Purchased services	167,500	167,531	83,014
Supplies and materials	175,000	168,189	174,060
	<u>590,453</u>	<u>586,458</u>	<u>535,700</u>
Total central and other support services	<u>590,453</u>	<u>586,458</u>	<u>535,700</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

EDUCATIONAL FUND

YEAR ENDED JUNE 30, 2004

(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED (Continued)			
Current (continued)			
Community services			
Salaries	-	-	345
Purchased services	9,458	8,524	6,928
Supplies and materials	4,367	4,714	3,789
Total community services	13,825	13,238	11,062
Nonprogrammed charges			
Payments to other governmental units			
Payments for regular programs	192,368	174,784	44,946
Payments for special education programs	2,132,737	2,039,203	1,403,982
Total nonprogrammed charges	2,325,105	2,213,987	1,448,928
Capital outlay			
Regular programs	28,550	48,752	66,997
Vocational programs	2,000	-	-
Gifted programs	-	-	12,756
Improvement of instruction services	6,000	-	-
Educational media services	-	-	1,911
Executive administration services	10,000	-	18,395
Assessment & Testing services	1,000	1,000	-
Special area administration services	24,800	23,441	6,337
Office of the principal services	49,000	40,252	39,336
Fiscal services	5,000	-	-
Food services	12,550	9,335	13,842
Other support services	53,000	48,515	52,987
Total capital outlay	191,900	171,295	212,561
Debt service			
Principal retired	66,624	66,625	149,902
Interest	3,906	3,905	3,997
Total debt service	70,530	70,530	153,899

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

EDUCATIONAL FUND

YEAR ENDED JUNE 30, 2004

(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
TOTAL DIRECT EXPENDITURES DISBURSED	28,245,097	28,339,907	27,537,132
DEFICIENCY OF REVENUES RECEIVED UNDER EXPENDITURES DISBURSED	(1,232,954)	(2,411,781)	(4,840,653)
OTHER FINANCING SOURCES (USES)			
Permanent Transfers	4,000,000	4,000,000	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXEPNDITURES AND OTHER FINANCING USES	\$ 2,767,046	\$ 1,588,219	\$ (4,840,653)
FUND BALANCE - Beginning (Budgetary Basis)	1,523,337	1,149,472	6,358,259
FUND BALANCE - Ending (Budgetary Basis)	\$ 4,290,383	2,737,691	1,517,606
ADJUSTMENTS TO RECONCILE TO GAAP BASIS			
To adjust for revenue accruals and deferrals		(55,229)	356,271
To adjust for expenditure accruals		285,618	(724,405)
FUND BALANCE - Ending (GAAP Basis)		\$ 2,968,080	\$ 1,149,472

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

WORKING CASH FUND

YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Property taxes	\$ 340,068	\$ 336,857	\$ 292,582
Investment earnings	<u>40,000</u>	<u>61,458</u>	<u>151,783</u>
 TOTAL REVENUES RECEIVED	 <u>380,068</u>	 <u>398,315</u>	 <u>444,365</u>
 OTHER FINANCING USES			
Permanent transfers	<u>(4,000,000)</u>	<u>(4,000,000)</u>	<u>(211,445)</u>
 TOTAL OTHER FINANCING USES	 <u>(4,000,000)</u>	 <u>(4,000,000)</u>	 <u>(211,445)</u>
 EXCESS OF REVENUES RECEIVED OVER OTHER FINANCING USES	 (3,619,932)	 (3,601,685)	 232,920
 FUND BALANCE - Beginning (Budgetary Basis)	 <u>6,116,434</u>	 <u>6,119,611</u>	 <u>5,884,500</u>
 FUND BALANCE - Ending (Budgetary Basis)	 <u>\$ 2,496,502</u>	 2,517,926	 6,117,420
 ADJUSTMENTS TO RECONCILE TO GAAP BASIS			
To adjust for revenue accruals and deferrals		<u>2,644</u>	<u>2,190</u>
 FUND BALANCE - Ending (GAAP Basis)		 <u>\$ 2,520,570</u>	 <u>\$ 6,119,610</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

SITE AND CONSTRUCTION FUND

YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Investment earnings	\$ 200,000	\$ 281,095	\$ 30,919
Restricted state aid			
Capital Development Board construction grant	6,800,000	-	1,647,993
TOTAL REVENUES RECEIVED	7,000,000	281,095	1,678,912
EXPENDITURES DISBURSED			
Current operating			
Support services			
Facilities acquisition and construction services	-	-	9,549
Capital outlay			
Facilities acquisition and construction services	11,000,000	4,818,834	794,630
TOTAL EXPENDITURES DISBURSED	11,000,000	4,818,834	804,179
EXCESS (DEFICIENCY) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES DISBURSED	(4,000,000)	(4,537,739)	874,733
OTHER FINANCING SOURCES			
Principal on bonds sold	-	-	18,995,000
Premium on bonds sold	-	-	12,301
TOTAL OTHER FINANCING SOURCES	-	-	19,007,301
EXCESS (DEFICIENCY) OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES DISBURSED	(4,000,000)	(4,537,739)	19,882,034
FUND BALANCE - Beginning (Budgetary Basis)	19,868,868	19,026,232	-
FUND BALANCE - Ending (Budgetary Basis)	\$ 15,868,868	14,488,493	19,882,034
ADJUSTMENTS TO RECONCILE TO GAAP BASIS			
To adjust for revenue accruals and deferrals		259,194	-
To adjust for expenditure accruals		113,502	(832,601)
FUND BALANCE - Ending (GAAP Basis)		\$ 14,861,189	\$ 19,049,433

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30,2004

BUDGETS AND BUDGETARY ACCOUNTING

The budget for all governmental fund types and for the expendable trust fund is prepared on the cash basis of accounting and excludes on-behalf payments for which the District is not legally responsible. This is a comprehensive basis of accounting other than generally accepted accounting principles. The budget, which was not amended, was passed on September 23, 2003.

Legal spending control for District moneys is at the fund level, but management control is exercised at budgetary line item levels within each fund. Unexpended budgetary balances lapse at the end of each fiscal year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to July 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures disbursed and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Board of Education may make transfers between the various items in any fund not exceeding in the aggregate 10% of the total of such fund as set forth in the budget.

The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

OVEREXPENDITURE OF BUDGET

Expenditures disbursed exceeded the budget in the following individual funds:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Overexpended Amount</u>
Educational	\$28,245,607	\$28,339,907	\$ 94,300
Transportation	1,341,868	1,362,804	20,936

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004

	Operations and Maintenance	Transpor- tation	Municipal Retirement/ Social Security	Bond and Interest	Fire Prevention and Safety	Total
<u>ASSETS</u>						
Cash/investments - pooled accounts	\$ 239,727	\$ 319,043	\$ 297,065	\$ 1,313,670	\$ 1,534,553	\$ 3,704,058
Property taxes receivable, net	1,049,313	235,989	301,452	1,147,244	-	2,733,998
Due from other governments	52,569	827,410	-	-	-	879,979
TOTAL ASSETS	<u>\$ 1,341,609</u>	<u>\$ 1,382,442</u>	<u>\$ 598,517</u>	<u>\$ 2,460,914</u>	<u>\$ 1,534,553</u>	<u>\$ 7,318,035</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 151,035	\$ -	\$ -	\$ -	\$ -	\$ 151,035
Accrued payroll and related liabilities	45,975	-	161	-	-	46,136
Deferred revenue	1,019,091	1,056,700	292,984	1,112,870	-	3,481,645
Other current liabilities	-	-	-	10,000	-	10,000
TOTAL LIABILITIES	<u>1,216,101</u>	<u>1,056,700</u>	<u>293,145</u>	<u>1,122,870</u>	<u>-</u>	<u>3,688,816</u>
<u>FUND BALANCES</u>						
Unreserved, reported in nonmajor:						
Special revenue funds	125,508	325,742	305,372	-	-	756,622
Debt service fund	-	-	-	1,338,044	-	1,338,044
Capital projects funds	-	-	-	-	1,534,553	1,534,553
TOTAL FUND BALANCES	<u>125,508</u>	<u>325,742</u>	<u>305,372</u>	<u>1,338,044</u>	<u>1,534,553</u>	<u>3,629,219</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,341,609</u>	<u>\$ 1,382,442</u>	<u>\$ 598,517</u>	<u>\$ 2,460,914</u>	<u>\$ 1,534,553</u>	<u>\$ 7,318,035</u>

The accompanying notes are an integral part of this statement

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004

	Operations and Maintenance	Transpor- tation	Municipal Retirement/ Social Security	Bond and Interest	Fire Prevention and Safety	Total
REVENUES						
Property taxes	\$ 2,115,396	\$ 482,994	\$ 600,728	\$ 2,199,640	\$ (2,658)	\$ 5,396,100
Personal property replacement taxes	310,011	-	38,000	-	-	348,011
Charges for services	16,805	29,808	-	-	-	46,613
Investment income	8,479	2,808	7,507	23,877	29,867	72,538
Unrestricted state aid	400,000	200,000	-	-	-	600,000
Restricted state aid	-	761,841	-	-	-	761,841
TOTAL REVENUES	<u>2,850,691</u>	<u>1,477,451</u>	<u>646,235</u>	<u>2,223,517</u>	<u>27,209</u>	<u>7,225,103</u>
EXPENDITURES						
Current operating						
Instruction						
Regular instruction	-	-	134,427	-	-	134,427
Special education instruction	-	-	44,362	-	-	44,362
Other instruction	-	-	45,581	-	-	45,581
Support services						
Pupil services	-	-	79,320	-	-	79,320
Instructional staff services	-	-	9,729	-	-	9,729
General administration services	-	-	30,132	-	-	30,132
School administration services	-	-	67,557	-	-	67,557
Business services	-	-	37,890	-	-	37,890
Operation & maintenance						
of plant services	3,011,626	-	235,929	-	-	3,247,555
Pupil transportation services	-	1,289,527	160	-	-	1,289,687
Food services	-	-	40,593	-	-	40,593
Central and other support services	-	-	37,690	-	-	37,690
Community services	-	-	31	-	-	31
Debt service	-	-	-	2,192,710	-	2,192,710
Capital outlay	15,865	-	-	-	302,266	318,131
TOTAL EXPENDITURES	<u>3,027,491</u>	<u>1,289,527</u>	<u>763,401</u>	<u>2,192,710</u>	<u>302,266</u>	<u>7,575,395</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(176,800)</u>	<u>187,924</u>	<u>(117,166)</u>	<u>30,807</u>	<u>(275,057)</u>	<u>(350,292)</u>
OTHER FINANCING SOURCES						
Permanent transfers	-	-	-	-	-	-
Proceeds from sale of bonds	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>(176,800)</u>	<u>187,924</u>	<u>(117,166)</u>	<u>30,807</u>	<u>(275,057)</u>	<u>(350,292)</u>
FUND BALANCES -						
Beginning of Year, as Restated	<u>302,308</u>	<u>137,818</u>	<u>422,538</u>	<u>1,307,237</u>	<u>1,809,610</u>	<u>3,979,511</u>
FUND BALANCES - End of Year	<u>\$ 125,508</u>	<u>\$ 325,742</u>	<u>\$ 305,372</u>	<u>\$ 1,338,044</u>	<u>\$ 1,534,553</u>	<u>\$ 3,629,219</u>

The accompanying notes are an integral part of this statement

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

OPERATIONS AND MAINTENANCE FUND

YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Property taxes	\$ 2,283,110	\$ 2,100,412	\$ 2,045,102
Corporate personal property replacement taxes	256,000	305,051	269,179
Charges for services	6,010	16,805	18,825
Investments earnings	4,000	8,479	13,494
Unrestricted general state aid	400,000	400,000	400,000
Restricted federal aid	-	-	98
	<u>2,949,120</u>	<u>2,830,747</u>	<u>2,746,698</u>
EXPENDITURES DISBURSED			
Current			
Support services			
Facilities acquisition & construction			
Purchased services	-	-	6,385
Operations & maintenance services			
Salaries	1,638,590	1,659,077	1,576,890
Employee benefits	268,000	268,075	281,666
Purchased services	752,600	727,170	787,022
Supplies and materials	265,400	230,639	240,833
Total operations & maintenance services	<u>2,924,590</u>	<u>2,884,961</u>	<u>2,886,411</u>
Capital outlay			
Operations & maintenance	33,500	15,865	137,304
Total capital outlay	<u>33,500</u>	<u>15,865</u>	<u>137,304</u>
TOTAL EXPENDITURES DISBURSED	<u>2,958,090</u>	<u>2,900,826</u>	<u>3,030,100</u>
DEFICIENCY OF REVENUES RECEIVED UNDER EXPENDITURES DISBURSED	<u>(8,970)</u>	<u>(70,079)</u>	<u>(283,402)</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

OPERATIONS AND MAINTENANCE FUND

JUNE 30, 2004
(WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
TOTAL OTHER FINANCING SOURCES	-	-	-
EXCESS (DEFICIENCY) OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES DISBURSED	(8,970)	(70,079)	(283,402)
FUND BALANCE - Beginning (Budgetary Basis)	<u>305,713</u>	<u>302,308</u>	<u>593,208</u>
FUND BALANCE - Ending (Budgetary Basis)	<u>\$ 296,743</u>	232,229	309,806
ADJUSTMENTS TO RECONCILE TO GAAP BASIS			
To adjust for revenue accruals and deferrals		19,944	62,847
To adjust for expenditure accruals		<u>(126,665)</u>	<u>(70,345)</u>
FUND BALANCE - Ending (GAAP Basis)		<u>\$ 125,508</u>	<u>\$ 302,308</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

TRANSPORTATION FUND

YEAR ENDED JUNE 30, 2004

(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Property taxes	\$ 501,387	\$ 480,263	\$ 468,701
Charges for services	35,000	29,808	31,314
Investments earnings	500	2,808	1,079
Unrestricted general state aid	200,000	200,000	35,000
Restricted state aid			
Transportation aid	<u>662,000</u>	<u>911,486</u>	<u>544,784</u>
TOTAL REVENUES RECEIVED	<u>1,398,887</u>	<u>1,624,365</u>	<u>1,080,878</u>
EXPENDITURES DISBURSED			
Current			
Support services			
Pupil transportation services			
Salaries	10,158	10,996	11,328
Employee benefits	700	700	689
Purchased services	1,330,510	1,351,108	1,252,931
Supplies and materials	<u>500</u>	<u>-</u>	<u>-</u>
Total pupil transportation services	<u>1,341,868</u>	<u>1,362,804</u>	<u>1,264,948</u>
TOTAL EXPENDITURES DISBURSED	<u>1,341,868</u>	<u>1,362,804</u>	<u>1,264,948</u>
EXCESS (DEFICIENCY) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES DISBURSED	<u>57,019</u>	<u>261,561</u>	<u>(184,070)</u>
OTHER FINANCING SOURCES			
Permanent transfers	<u>-</u>	<u>-</u>	<u>211,445</u>
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>211,445</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

TRANSPORTATION FUND

YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
EXCESS (DEFICIENCY) OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES DISBURSED	57,019	261,561	27,375
FUND BALANCE - Beginning (Budgetary Basis)	47,503	137,818	30,107
FUND BALANCE - Ending (Budgetary Basis)	<u>\$ 104,522</u>	399,379	57,482
ADJUSTMENTS TO RECONCILE TO GAAP BASIS			
To adjust for revenue accruals and deferrals		(146,914)	153,613
To adjust for expenditure accruals		73,277	(73,277)
FUND BALANCE - Ending (GAAP Basis)		<u>\$ 325,742</u>	<u>\$ 137,818</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND

YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Property taxes	\$ 623,689	\$ 596,820	\$ 584,076
Corporate personal property replacement taxes	38,000	38,000	38,000
Investments earnings	8,200	7,507	11,659
TOTAL REVENUES RECEIVED	669,889	642,327	633,735
EXPENDITURES DISBURSED			
Current operating			
Instruction			
Regular instruction	122,000	134,427	111,197
Special education instruction	43,725	44,362	38,113
Other instruction	46,297	45,581	40,286
Support services			
Pupil services	67,950	79,320	59,137
Instructional staff services	26,800	9,729	21,450
General administration services	30,300	30,132	27,256
School administration services	61,000	67,557	56,636
Business services	82,800	78,483	75,284
Operation and maintenance services	248,300	235,929	232,269
Pupil transportation services	175	160	164
Central and other support services	43,500	37,690	39,062
Community services	450	31	5
TOTAL EXPENDITURES DISBURSED	773,297	763,401	700,859
EXCESS (DEFICIENCY) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES DISBURSED	(103,408)	(121,074)	(67,124)
FUND BALANCE - Beginning (Budgetary Basis)	416,901	422,538	485,102
FUND BALANCE - Ending (Budgetary Basis)	\$ 313,493	301,464	417,978
ADJUSTMENTS TO RECONCILE TO GAAP BASIS			
To adjust for revenue accruals and deferrals		3,908	4,560
FUND BALANCE - Ending (GAAP Basis)		\$ 305,372	\$ 422,538

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

BOND AND INTEREST FUND

YEAR ENDED JUNE 30, 2004

(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Property taxes	\$ 2,259,239	\$ 2,187,979	\$ 1,283,487
Investments earnings	25,000	23,877	27,780
TOTAL REVENUES RECEIVED	2,284,239	2,211,856	1,311,267
EXPENDITURES DISBURSED			
Debt service			
Bond interest	866,333	866,333	443,138
Principal retired	1,325,000	1,325,000	565,000
Other debt service	2,500	1,377	800
TOTAL EXPENDITURES DISBURSED	2,193,833	2,192,710	1,008,938
EXCESS OF REVENUES RECEIVED OVER EXPENDITURES DISBURSED	90,406	19,146	302,329
OTHER FINANCING SOURCES			
Accrued interest on bonds sold	-	-	20,279
TOTAL OTHER FINANCING SOURCES	-	-	20,279
EXCESS OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER EXPENDITURES DISBURSED	90,406	19,146	322,608
FUND BALANCE - Beginning (Budgetary Basis)	1,282,978	1,307,237	961,916
FUND BALANCE - Ending (Budgetary Basis)	\$ 1,373,384	1,326,383	1,284,524
ADJUSTMENTS TO RECONCILE TO GAAP BASIS			
To adjust for revenue accruals and deferrals		11,661	22,713
FUND BALANCE - Ending (GAAP Basis)		\$ 1,338,044	\$ 1,307,237

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
NON-GAAP (BUDGETARY BASIS)

FIRE PREVENTION & SAFETY FUND

YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL TOTALS FOR YEAR ENDED JUNE 30, 2003)

	2004		2003
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Property taxes	\$ -	\$ (2,658)	\$ (9,300)
Investment earnings	35,000	29,867	46,671
TOTAL REVENUES RECEIVED	35,000	27,209	37,371
EXPENDITURES DISBURSED			
Current			
Support services			
Facilities acquisition and construction services			
Purchased services	180,000	-	875
Total operations & maintenance services	180,000	-	875
Capital outlay			
Facilities acquisition and construction services	1,740,123	364,612	39,613
Capital outlay	1,740,123	364,612	39,613
TOTAL EXPENDITURES DISBURSED	1,920,123	364,612	40,488
DEFICIENCY OF REVENUES RECEIVED UNDER EXPENDITURES DISBURSED	(1,885,123)	(337,403)	(3,117)
FUND BALANCE - Beginning (Budgetary Basis)	1,885,123	1,809,610	1,875,073
FUND BALANCE - Ending (Budgetary Basis)	\$ -	1,472,207	1,871,956
ADJUSTMENTS TO RECONCILE TO GAAP BASIS			
To adjust for expenditure accruals		62,346	(62,346)
FUND BALANCE - Ending (GAAP Basis)		\$ 1,534,553	\$ 1,809,610

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ACTIVITY FUNDS
YEAR ENDED JUNE 30, 2004

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
ASSETS				
Cash at district	\$ 245,607	\$ 372,035	\$ 361,054	\$ 256,588
LIABILITIES				
Amounts due to organizations:				
NORTH				
Activity Account	\$ 4,498	\$ 18,172	\$ 17,597	\$ 5,073
Adm. Center Pop Fund	926	161	765	322
Academic Decathlon	-	341	-	341
Adventure Club	-	704	625	79
Art Club	9	-	-	9
Athletics	9,191	12,147	18,947	2,391
Attendance Improvement	316	1,504	766	1,054
Baseball Camp	700	-	700	-
Beautification - T.F.N.	322	-	-	322
Big Brother/Big Sister	1,262	1,232	915	1,579
Boys Basketball Camp	-	865	843	22
Building Const. V.I.C.A.	(131)	-	-	(131)
Business Professionals	280	8,294	7,879	695
Cap and Gown	1,530	-	728	802
Cheerleaders	649	2,836	2,789	696
Chronoscope	6,853	8,095	11,123	3,825
Class of 2001	4,522	-	1,000	3,522
Class of 2002	4,775	-	-	4,775
Class of 2003	1,496	633	50	2,079
Class of 2004	2,385	8,265	7,846	2,804
Class of 2005	2,314	17,191	16,304	3,201
Class of 2006	741	1,862	780	1,823
Class of 2007	-	2,429	925	1,504
Cooperative Work Training	55	189	-	244
Concessions	-	3,072	3,174	(102)
Cultural Diversity Club	120	-	-	120
Distributive Education	250	-	-	250
Diversified Occupations	462	-	-	462
Drama	3,982	375	213	4,144
Environmental Club	2,131	900	398	2,633
Flower Fund	-	555	445	110
Faculty Workroom	1,255	193	-	1,448
Football Camp	875	1,965	2,063	777
Foreign Language	298	96	191	203
History Club	1,000	82	139	943
Honors Trip	255	-	-	255
Interrelated Coop Education	(59)	-	-	(59)
Interest Account	11,734	(226)	11	11,497
Jobs for Illinois Graduates	52	-	-	52
Mathletes	424	250	189	485
Memorial Fund - Jurek	390	-	-	390
Meteor Broadcasting	2,680	765	840	2,605
Monogram Club	6,717	6,418	5,063	8,072
Music	252	-	-	252
National Honor Society	1,463	4,635	2,843	3,255
Needy Student Fund	4,113	390	901	3,602

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ACTIVITY FUNDS
YEAR ENDED JUNE 30, 2004

	Balance				Balance
	July 1, 2003	#	Receipts	Disbursements	June 30, 2004
North Football Lights	10,203		500	9,468	1,235
Pep Club	190		-	-	190
Peer Mediators	351		770	1,051	70
Philanthropy Club	1,573		3,622	3,920	1,275
Physical Education Rental	2,435		2,825	736	4,524
Poetry Slam	-		319	-	319
Pom Pon	404		352	391	365
Pop Machine	1,572		8,475	7,134	2,913
Principal's Leadership	4,253		981	4,011	1,223
PSE Student Incentive	-		1,000	222	778
Quarterback Club	2,035		4,605	4,580	2,060
Science & Tech - Auto Mech	3,988		1,920	1,692	4,216
Science & Tech - Pop	1,691		9,341	6,628	4,404
Special Education	89		-	-	89
Speech Club	83		281	322	42
Stat Girls	115		-	-	115
Student Council	3,979		12,137	13,464	2,652
Students Against Drunk Driving	475		1,650	1,563	562
Tennis Camp	108		20	128	-
TF North Unified Voices	406		-	-	406
Thorntonian	5,673		4,848	9,598	923
NORTH TOTAL	120,710		158,036	171,960	106,786
SOUTH					
American Field Services	6,550		-	150	6,400
Art Club	348		-	-	348
Band	20		860	860	20
Band Camp	(985)		7,339	5,910	444
Baseball Seminar	-		4,700	4,135	565
Basketball Camp	475		1,445	1,277	643
Boys/Girls Track Donations	294		198	245	247
Class Concession Stand	2,194		2,539	2,709	2,024
Cap and Gown	68		-	-	68
Cheerleaders	1,371		3,288	3,589	1,070
Choral B	998		450	287	1,161
Class of 1988	260		-	-	260
Class of 2001	537		-	537	-
Class of 2002	701		150	150	701
Class of 2003	837		1,707	1,010	1,534
Class of 2004	1,072		1,815	1,238	1,649
Class of 2005	860		15,143	13,950	2,053
Class of 2006	302		1,594	1,455	441
Class of 2007	-		899	225	674
Cultural Diversity Club	1,090		408	516	982
Cooperative Work Training	643		574	342	875
Distributive Education	110		4,832	4,942	-
Drama	1,757		19,524	19,570	1,711
Environmental Club	168		219	204	183
Ferrado/Gagnon Scholarship	5,217		-	1,000	4,217
Football Camp	6,803		7,287	7,128	6,962
Foreign Language	75		87	45	117
Girls Basketball Camp	50		870	50	870

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ACTIVITY FUNDS
YEAR ENDED JUNE 30, 2004

	Balance July 1, 2003	Receipts	Disbursements	Balance June 30, 2004
Tri - S Club	2,934	8,219	7,080	4,073
Athletic Invitational Fund	3,851	9,017	10,742	2,126
I.C.E.	544	3,194	3,017	721
Interest Account	9,285	558	23	9,820
J Misiaves Memorial Drive	-	1,385	-	1,385
Joan Baldwin Memorial	2,946	-	250	2,696
Juice Machine	1,538	856	1,193	1,201
Math Fund	11	393	65	339
National Honor Society	2,368	6,413	6,303	2,478
Needy Student Fund	273	100	207	166
PE Rental Account	161	1,134	176	1,119
Pep Club	1,068	3,192	4,240	20
Photo Club	431	460	85	806
Pom Pon	213	100	284	29
Postscript	21,967	33,575	29,175	26,367
Rebel Recognition	1,690	1,526	1,750	1,466
Rebel Rouser	28	16,797	15,867	958
Responsibility Comm	-	525	-	525
Rebel Spirit Committee	1,053	1,317	682	1,688
Students Against Drunk Driving	864	-	90	774
Special Programs	1,458	1,605	1,519	1,544
Social Studies Activities	135	720	768	87
Spanish Children International	317	-	225	92
Speech Club	517	234	260	491
Student Body Activity Fund	2,904	1,643	422	4,125
Student Leadership	2,941	1,060	1,200	2,801
Student Senate	8,664	19,906	16,631	11,939
Summer Swim	1	-	-	1
T.F.S. Activity Office	1,204	2,974	2,044	2,134
T.F.S. Ambassadors	38	1,149	1,118	69
T.F.S. Principal's Award	14,390	11,932	9,335	16,987
Teachers Lounge Coke Machine	6,318	2,105	-	8,423
T.F.S. Teen Staff	449	-	-	449
Volleyball Camp	785	3,715	1,485	3,015
Vocational Coop Club	104	-	-	104
Weight Room Improvements	1,716	2,267	1,334	2,649
Wrestling Camp	(84)	-	-	(84)
SOUTH TOTAL	<u>124,897</u>	<u>213,999</u>	<u>189,094</u>	<u>149,802</u>
TOTAL LIABILITIES	<u>\$ 245,607</u>	<u>\$ 372,035</u>	<u>\$ 361,054</u>	<u>\$ 256,588</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
SCHEDULE OF ASSESSED VALUATIONS, TAX LEVIES AND COLLECTIONS
JUNE 30, 2004

	<u>2003 Levy</u>	<u>2002 Levy</u>	<u>2001 Levy</u>
Equalized assessed valuation	<u>\$ 750,119,963</u>	<u>\$ 760,893,406</u>	<u>\$ 650,774,456</u>
Tax rates (per \$100 of assessed valuation)			
Educational	2.3892	2.2187	2.5262
Tort immunity	0.0027	0.0261	0.0502
Special education	0.0183	0.0172	0.0196
Operations and maintenance	0.2746	0.3005	0.3421
Bond and interest	0.2999	0.2953	0.1149
Transportation	0.0618	0.0697	0.0791
Municipal retirement	0.0069	0.0135	0.0237
Social security	0.0721	0.0711	0.0752
Working cash	0.0500	0.0429	0.0489
	<u>3.1755</u>	<u>3.0550</u>	<u>3.2799</u>
Extended tax levy			
Educational	\$ 17,922,000	\$ 16,881,596	\$ 16,440,088
Tort immunity	20,487	198,950	326,556
Special education	136,990	130,652	127,235
Operations and maintenance	2,060,000	2,286,417	2,226,620
Bond and interest	2,249,515	2,246,762	747,600
Transportation	463,500	530,450	515,000
Municipal retirement	51,500	103,000	154,500
Social security	540,750	540,750	489,250
Working Cash	375,060	326,631	31,808
	<u>\$ 23,819,802</u>	<u>\$ 23,245,208</u>	<u>\$ 21,344,938</u>
Taxes collected year ended:			
June 30, 2004	\$ 10,693,916	\$ 12,490,814	\$ (49,593)
June 30, 2003	-	9,867,408	11,361,074
June 30, 2002	-	-	9,515,491
Total collected	<u>\$ 10,693,916</u>	<u>\$ 22,358,222</u>	<u>\$ 20,826,972</u>
Percent collected	<u>44.90%</u>	<u>96.18%</u>	<u>97.57%</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
SCHEDULE OF DEBT SERVICE REQUIREMENTS
JUNE 30, 2004

Year Ended June 30,	Series 1998 Dated 7/1/98		Series 2002 Dated 12/15/02		Series 2003 Dated 2/1/03		Total Debt Service Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	
2005	620,000	73,750	355,000	402,048	325,000	342,597	2,118,395
2006	650,000	42,000	360,000	393,110	330,000	334,410	2,109,520
2007	515,000	12,875	370,000	383,060	340,000	326,035	1,946,970
2008	-	-	380,000	371,810	350,000	317,410	1,419,220
2009	-	-	395,000	357,815	355,000	307,355	1,415,170
2010	-	-	410,000	340,295	370,000	293,350	1,413,645
2011	-	-	430,000	321,395	385,000	276,363	1,412,758
2012	-	-	450,000	301,595	400,000	257,700	1,409,295
2013	-	-	470,000	280,895	420,000	237,200	1,408,095
2014	-	-	490,000	259,295	445,000	218,245	1,412,540
2015	-	-	510,000	236,795	460,000	200,820	1,407,615
2016	-	-	535,000	213,282	480,000	182,250	1,410,532
2017	-	-	560,000	188,645	495,000	162,503	1,406,148
2018	-	-	585,000	163,468	520,000	141,435	1,409,903
2019	-	-	610,000	137,470	540,000	118,905	1,406,375
2020	-	-	635,000	109,762	565,000	94,865	1,404,627
2021	-	-	665,000	80,512	590,000	69,455	1,404,967
2022	-	-	695,000	49,565	615,000	42,637	1,402,202
2023	-	-	730,000	16,790	640,000	14,400	1,401,190
	<u>\$ 1,785,000</u>	<u>\$ 128,625</u>	<u>\$ 9,635,000</u>	<u>\$ 4,607,607</u>	<u>\$ 8,625,000</u>	<u>\$ 3,937,935</u>	<u>\$ 28,719,167</u>

THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NO. 215
SCHEDULE OF LEGAL DEBT MARGIN
JUNE 30, 2004

Equalized Assessed Valuation - 2003 Tax Levy Year	<u>\$750,119,963</u>
	<u>Amount</u>
Legal debt limitation (6.9% of equalized assessed valuation)	\$ 51,758,277
General Obligation Debt June 30, 2004	<u>20,209,803</u>
Legal debt margin	<u>\$ 31,548,474</u>

Appendix B

Form of Legal Opinion

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

We hereby certify that we have examined certified copy of the proceedings (the "*Proceedings*") of the Board of Education of Township High School District Number 215, Cook County, Illinois (the "*District*"), passed preliminary to the issue by the District of its fully registered General Obligation Bonds (Alternate Revenue Source), Series 2005 (the "*Bonds*"), to the amount of \$6,000,000, dated July 1, 2005, due on December 1 of the years and in the amounts and bearing interest as follows:

2006	\$100,000	4.000%
2007	210,000	4.000%
2008	220,000	4.125%
2009	225,000	4.125%
2010	235,000	4.125%
2011	245,000	4.500%
2012	255,000	4.500%
2013	270,000	4.500%
2014	280,000	4.500%
2015	295,000	4.000%
2016	305,000	4.000%
2017	320,000	4.000%
2018	330,000	4.000%
2019	345,000	4.000%
2020	355,000	4.000%
2021	370,000	4.100%
2022	385,000	4.125%
2023	400,000	4.125%
2025	855,000	4.300%

the Bonds due on December 1, 2025, being subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1, 2024, in the principal amount of \$420,000, and the Bonds due on or after December 1, 2015, being subject to redemption prior to maturity at the option of the District as a whole or in part in any order of their maturity as determined by the District (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on December 1, 2014, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, and we are of the

opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the District, and is payable from (i) taxes, grants, state aid, interest earnings and other revenues received by the District and available to be expended for the improvement, maintenance, repair and benefit of school buildings and property and (ii) ad valorem property taxes levied against all taxable property in the District without limitation as to rate or amount, and all taxable property in the District is subject to the levy of such taxes to pay the same, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the District's compliance with certain covenants, under present law, interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "*Code*"), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such District covenants could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

It is also our opinion that the Bonds are "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the District with respect to certain material facts solely within the District's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Appendix C

FORM OF CONTINUING DISCLOSURE UNDERTAKING

**CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (b)(5) OF RULE 15c2-12**

This Continuing Disclosure Undertaking (this "*Agreement*") is executed and delivered by Township High School District Number 215, Cook County, Illinois (the "*District*"), in connection with the issuance of \$6,000,000 General Obligation Bonds (Alternate Revenue Source), Series 2005 (the "*Bonds*"). The Bonds are being issued pursuant to a resolution adopted by the Board of Education of the District on the 28th day of June, 2005 (the "*Resolution*").

In consideration of the issuance of the Bonds by the District and the purchase of such Bonds by the beneficial owners thereof, the District covenants and agrees as follows:

1. **PURPOSE OF THIS AGREEMENT.** This Agreement is executed and delivered by the District as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The District represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. **DEFINITIONS.** The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Annual Financial Information means financial information and operating data of the type contained in the Official Statement under the following captions:

DEBT STRUCTURE

Summary of Outstanding Debt
Debt Repayment Schedule - principal only

DISTRICT TAX BASE INFORMATION

District Equalized Assessed Valuation
Composition of Equalized Assessed Valuation
Tax Extensions and Collections
Tax Rate Trend per \$100 of Equalized Assessed Valuation

FINANCIAL INFORMATION

General Fund
Working Cash Fund

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of the District prepared pursuant to the standards and as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the District and which has filed with the District a written acceptance of such designation, and such agent's successors and assigns.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Material Event means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II* that is material, as materiality is interpreted under the Exchange Act.

Material Events Disclosure means dissemination of a notice of a Material Event as set forth in Section 5.

MSRB means the Municipal Securities Rulemaking Board.

NRMSIRs means, as of any date, all Nationally Recognized Municipal Securities Information Repositories then recognized by the Commission for purposes of the Rule. The names and addresses of the current NRMSIRs are presently set forth on the following website: www.sec.gov/info/municipal/nrmsir.htm. The names and addresses of all current NRMSIRs should be verified each time information is delivered to the NRMSIRs pursuant to this Agreement.

Official Statement means the Final Official Statement, dated June 28, 2005, and relating to the Bonds.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

SID means the public or private repository designated by the State as the state information depository and recognized as such by the Commission for purposes of the Rule. As of the date of this Agreement there is no SID.

State means the State of Illinois.

Undertaking means the obligations of the District pursuant to Sections 4 and 5.

3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds are set forth in *Exhibit III*. The District will include the CUSIP Numbers in all disclosure materials described in Sections 4 and 5 of this Agreement.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 9 of this Agreement, the District hereby covenants that it will disseminate its Annual Financial

Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to each NRMSIR and to the SID, if any. The District is required to deliver such information in such manner and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the District will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to each NRMSIR and the SID, if any) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. MATERIAL EVENTS DISCLOSURE. Subject to Section 9 of this Agreement, the District hereby covenants that it will disseminate in a timely manner Material Events Disclosure to each NRMSIR or to the MSRB and to the SID, if any. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Resolution.

6. DUTY TO UPDATE NRMSIRs/SID. The District shall determine, in the manner it deems appropriate, the names and addresses of the then existing NRMSIRs and SID each time it is required to file information with such entities.

7. CONSEQUENCES OF FAILURE OF THE DISTRICT TO PROVIDE INFORMATION. The District shall give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any, of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the District to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the District to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Agreement in the event of any failure of the District to comply with this Agreement shall be an action to compel performance.

8. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the District by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the District, or type of business conducted;

(b) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the District (such as Bond Counsel).

9. **TERMINATION OF UNDERTAKING.** The Undertaking of the District shall be terminated hereunder if the District shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Resolution. The District shall give notice in a timely manner if this Section is applicable to each NRMSIR or to the MSRB and to the SID, if any.

10. **DISSEMINATION AGENT; DISCLOSUREUSA.** (a) The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

(b) So long as such method continues to be approved by the Commission for purposes of the Rule, the District may satisfy its obligations for all purposes of this Agreement to provide information or notice to each NRMSIR and to the SID, if any, by sending such information or notice to DisclosureUSA (at, as of the date of this Agreement, www.DisclosureUSA.org) for submission to each NRMSIR and to the SID, if any.

11. **ADDITIONAL INFORMATION.** Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the District chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the District shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Material Event.

12. **BENEFICIARIES.** This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the District, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

13. **RECORDKEEPING.** The District shall maintain records of all Annual Financial Information Disclosure and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

14. ASSIGNMENT. The District shall not transfer its obligations under the Resolution unless the transferee agrees to assume all obligations of the District under this Agreement or to execute an Undertaking under the Rule.

15. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

TOWNSHIP HIGH SCHOOL DISTRICT
NUMBER 215, COOK COUNTY, ILLINOIS

By _____
President, Board of Education

Date: July 14, 2005

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED
FINANCIAL STATEMENTS

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to each NRMSIR and to the SID, if any, or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available from the MSRB; the Final Official Statement need not be available from each NRMSIR, the SID or the Commission. The District shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided to each NRMSIR and to the SID, if any, by 210 days after the last day of the District's fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

Audited Financial Statements will be prepared in accordance with the accounting principles described in Appendix A to the Official Statement. Audited Financial Statements will be provided to each NRMSIR and to the SID, if any, within 30 days after availability to the District.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the District will disseminate a notice of such change as required by Section 4.

EXHIBIT II
EVENTS WITH RESPECT TO THE BONDS
FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions or events affecting the tax-exempt status of the security
7. Modifications to the rights of security holders
8. Bond calls
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities
11. Rating changes

**EXHIBIT III
CUSIP NUMBERS**

YEAR OF MATURITY (DECEMBER 1)	CUSIP NUMBER (215651)
2006	FC9
2007	FD7
2008	FE5
2009	FF2
2010	FG0
2011	FH8
2012	FJ4
2013	FK1
2014	FL9
2015	FM7
2016	FN5
2017	FP0
2018	FQ8
2019	FR6
2020	FS4
2021	FT2
2022	FU9
2023	FV7
2025	FX3

Appendix D

SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY

Ambac

Financial Guaranty Insurance Policy

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

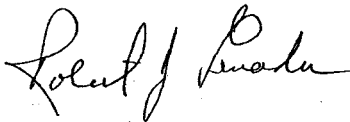
In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and therefore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

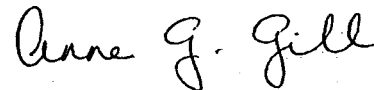
As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.



President



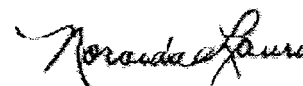
Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Form No.: 2B-0012 (1/01)



Authorized Officer of Insurance Trustee

ABSENCE OF MATERIAL LITIGATION

There is no controversy or litigation of any nature now pending or, to the knowledge of the District, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or the levy and collection of taxes to pay the same; or questioning the proceedings or authority pursuant to which the Bonds are issued and taxes levied, or questioning or relating to the validity of the Bonds or contesting the corporate existence of the District or the titles of its present officers to the respective offices.

BOND RATING

Standard and Poor's has assigned its municipal bond rating of "AAA" to the Bonds with the understanding that upon delivery of the Bonds, a Policy insuring the scheduled payment of principal of and interest on the Bonds will be issued by AMBAC Assurance Corporation.

Standard & Poor's has assigned an underlying rating of "A" with regard to the capacity of the District to pay the Bonds, subject to delivery of the Bonds, without giving effect to the third party financial guarantee which applies to the Bonds.

These ratings may be changed, suspended or withdrawn as a result of changes in, or unavailability of information and such change in ratings may have an effect on the market price of the Bonds.

THE FINAL OFFICIAL STATEMENT

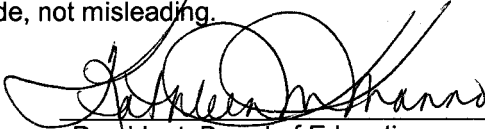
This Final Official Statement includes the cover page, reverse thereof, Statement Summary, and the Appendices hereto.

All references to material not purporting to be quoted in full are only summaries of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is hereby made to such instruments, documents and other materials for the complete provision thereof, copies of which will be furnished upon request to the District.

ACCURACY AND COMPLETENESS OF THE FINAL OFFICIAL STATEMENT

This Final Official Statement has been approved for distribution to prospective purchasers and the Underwriter of the Bonds, by the District. All of the statements and data presented herein have been obtained from reliable sources and are believed to be correct but are not guaranteed by the District.

The District's officials will provide to the original purchaser of the Bonds at the time of delivery of the Bonds, a certificate confirming to the purchaser that, to the best of their knowledge and belief, the Near Final Official Statement and Final Official Statement, with respect to the Bonds, at the time of the sale and delivery of the Bonds, was true and correct in all material respects and did not at any time contain an untrue statement of a material fact or omit to state a material fact required to be stated, where necessary to make the statements, in light of the circumstances under which they were made, not misleading.



President, Board of Education
Thornton Fractional Township High School
District Number 215
Cook County, Illinois

Date: June 28, 2005



BOND PURCHASE AGREEMENT

\$6,000,000
THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NUMBER 215
COOK COUNTY, ILLINOIS
GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2005

June 28, 2005

Board of Education
Thornton Fractional Township
High School District Number 215
1601 Wentworth Avenue
Calumet City, Illinois 60409

Ladies and Gentlemen:

Griffin, Kubik, Stephens & Thompson, Inc. (the "Underwriter") hereby offers to enter into this Bond Purchase Agreement with Thornton Fractional Township High School District Number 215, Cook County, Illinois (the "District") for the purchase by the Underwriter and sale by the District, of your General Obligation Bonds (Alternate Revenue Source), Series 2005 dated July 1, 2005 (the "Bonds"). This offer is made subject to acceptance by the District on June 28, 2005.

For the Bonds we will pay an aggregate purchase price of \$6,046,207.80 (consisting of the par amount of the Bonds plus \$121,207.80 net original issue premium and less \$75,000.00 underwriting discount) plus accrued interest from July 1, 2005 to the date of closing. The Bonds are more fully described in the Near Final Official Statement dated June 17, 2005, which the District has provided the Underwriters and has "deemed final" for purposes of SEC Rule 15C2-12(b)(1). The Bonds shall mature starting December 1, 2006 in the amounts and at the rates set forth below and in the Final Official Statement dated the date hereof (the "Final Official Statement"). Interest is payable commencing June 1, 2006, and each December 1 and June 1 thereafter.

MATURITY SCHEDULE

Table with 8 columns: December 1, Amount, Rate, Yield, December 1, Amount, Rate, Yield. Rows list maturity dates from 2006 to 2023 with corresponding amounts and rates.

\$855,000 4.30% Term Bonds due December 1, 2025 - Price: 99.592%

(Plus accrued interest from July 1, 2005)


* Priced to the first par call of 12/01/2014

The Bonds are being purchased subject to the following conditions at closing:


1. The unqualified approving opinion of Chapman and Cutler LLP, Chicago, Illinois, stating that the Bonds have been duly authorized, executed and delivered by the District and constitute valid and binding obligations of the District and further stating that under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted net book income or adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations. Said opinion is to be accompanied by the customary non-litigation certificate concerning matters which would attest to the authority or validity or enforceability of the Bonds, the Resolution, or this Purchase Agreement.
2. Copies are delivered of proceedings and certifications of the District indicating that the District has validly designated the Bonds to be "qualified tax-exempt obligations" pursuant to Section 265 (b)(3) of the Internal Revenue Code of 1986, as amended, and that the District has covenanted to take all actions necessary to maintain the "qualified" and tax-exempt status of the Bonds.
3. A certificate signed by the President of the Board of Education to the effect that:
 - a. The Near Final Official Statement, as supplemented and amended by the Final Official Statement as of the date of purchase and as of the date of closing, is true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading, and our use of such official statement in offering the Bonds to investors is authorized; and, the District will indemnify the Underwriter against losses, claims, damages and liabilities arising out of any incorrect statements of information contained in the Near Final and Final Official Statements, except for the sections entitled "BOOK-ENTRY-ONLY SYSTEM" and "LEGAL MATTERS".
 - b. The District's Financial Statements for the year ended June 30, 2004, delivered to us present fairly the financial position of the District as of the date indicated, said financial statements have been prepared on a cash basis of accounting and since June 30, 2004, there has been no material or adverse change in financial position or results of operations of the District, nor has the District incurred any material liabilities other than the ordinary course of business, or as set forth in or contemplated by the Final Official Statement.
4. That there shall have been no materially adverse events affecting either the legality or tax consequences of the Bond issue.
5. The execution and delivery of an insurance policy by Ambac Assurance Corporation and the rating of the Bonds by Standar and Poor's of "AAA" based thereon.
6. The rating of the Bonds by Standard and Poor's who has assigned an underlying rating of "A."
7. The Underwriters are hereby authorized to pay from the purchase price of the Bonds the following *estimated* expenses on behalf of the District:
 - a. Fees and disbursements of Chapman and Cutler, Chicago, Illinois as Bond Counsel equal to \$14,000;
 - b. Fees of LaSalle Bank National Association, Chicago, Illinois as Registrar/Paying Agent for the Bonds equal to \$700;
 - c. Fees of Ambac as Bond Insurer equal to \$19,121.36;
 - d. Fees of Standard & Poor's for its credit rating on the Bonds: "AAA" insured and "A" underlying equal to \$6,000;

- e. Fees of the treasurer's surety bond provider equal to \$1,275.
- f. Fees of Griffin, Kubik, Stephens & Thompson, Inc. for DTC, official statement printing & shipping, day loan, ticketing fee, and Cusip Bureau equal to approximately \$2,820.

GRIFFIN, KUBIK, STEPHENS & THOMPSON, INC.


James N. Rachlin
Senior Vice President

ACCEPTED: BOARD OF EDUCATION
THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL DISTRICT NUMBER 215
COOK COUNTY, ILLINOIS

By: 
President, Board of Education

MINUTES of a regular public meeting of the Board of Education of Township High School District Number 215, Cook County, Illinois, held in the Auditorium at the Thornton Fractional South High School Building; 18500 Burnham Avenue, Lansing, Illinois, in said School District at 7:00 o'clock P.M., on the 28th day of June, 2005.

* * *

The meeting was called to order by the President, and upon the roll being called, Kathleen Manno, the President, and the following members of the Board of Education at said location answered present: Waitekus, Walker-Kehl, Maricich, Pavich, Schneider, Owen.

The following members were absent: Ø.

The President announced that the next item of business was the consideration of a resolution providing for the issuance of the District's general obligation alternate bonds for the purpose of paying the cost of altering, repairing and equipping the Thornton Fractional North and South High School Buildings and that the Board of Education would now consider the adoption of said resolution.

Whereupon Member Manno presented and the Secretary read in full a resolution as follows:

RESOLUTION providing for the issue of \$6,000,000 General Obligation Bonds (Alternate Revenue Source), Series 2005, of Township High School District Number 215, Cook County, Illinois.

* * *

WHEREAS, the Board of Education (the "*Board*") of Township High School District Number 215, Cook County, Illinois (the "*District*"), has determined that it is advisable, necessary and in the best interests of the District to undertake a school building improvement program consisting of altering, repairing and equipping the Thornton Fractional North and South High School Buildings (the "*Project*"), all in accordance with the preliminary plans and estimate of cost heretofore approved by the Board and now on file in the office of the Secretary of the Board; and

WHEREAS, the estimated cost of the Project, including legal, financial, bond discount, capitalized interest, printing and publication costs and other expenses, is not less than \$6,000,000, and it is in the best interests of the District that funds be borrowed to pay such costs; and

WHEREAS, for the purpose of providing funds to pay the cost of the Project and in accordance with the provisions of the Local Government Debt Reform Act of the State of Illinois, as amended (the "*Act*"), the Board, on the 28th day of September, 2004, adopted a resolution (the "*Authorizing Resolution*") authorizing the issuance of alternate bonds, being general obligation bonds payable from taxes, grants, state aid, interest earnings and other revenues received by the District and available to be expended for the improvement, maintenance, repair and benefit of school buildings and property (the "*Pledged Revenues*"), as provided by the Act, in the amount of \$6,000,000; and

WHEREAS, on the 1st day of October, 2004, the Authorizing Resolution, together with a notice in the statutory form (the "*Notice*"), were published in the *Daily Southtown*, the same

being a newspaper of general circulation in the District, and an affidavit evidencing the publication of the Authorizing Resolution and the Notice has heretofore been presented to the Board and made a part of the permanent records of the Board; and

WHEREAS, more than thirty (30) days have expired since the date of publication of the Authorizing Resolution and Notice, and no petition with the requisite number of valid signatures thereon has been filed with the Secretary of the Board requesting that the question of the issuance of the alternate bonds be submitted to referendum; and

WHEREAS, the Project constitutes a lawful corporate purpose within the meaning of the Act; and

WHEREAS, the Board is now authorized to issue alternate bonds to the amount of \$6,000,000 in accordance with the provisions of the Act, and the Board hereby determines that it is necessary and desirable that there be issued at this time \$6,000,000 of the bonds so authorized; and

WHEREAS, the alternate bonds to be issued will be payable from the Pledged Revenues and the Pledged Taxes (as hereinafter defined); and

WHEREAS, the Board hereby determines that the Pledged Revenues will provide in each year an amount not less than 1.25 times debt service of the alternate bonds proposed to be issued; and

WHEREAS, such determination is supported by the most recent audit of the District (the "Audit"), which Audit has been presented to the Board and is now on file with the Secretary of the Board; and

WHEREAS, pursuant to and in accordance with the provisions of the Bond Issue Notification Act of the State of Illinois, as amended, the President of the Board, on the 19th day

of May, 2005, executed an Order calling a public hearing (the "*Hearing*") for the 31st day of May, 2005, concerning the intent of the Board to sell said alternate bonds; and

WHEREAS, notice of the Hearing was given by (i) publication at least once not less than seven (7) nor more than thirty (30) days before the date of the Hearing in the *Daily Southtown*, the same being a newspaper of general circulation in the District, and (ii) posting at least 48 hours before the Hearing a copy of said notice at the principal corporate trust office of the Board; and

WHEREAS, the Hearing was held on the 31st day of May, 2005, and at the Hearing, the Board explained the reasons for the proposed bond issue and permitted persons desiring to be heard an opportunity to present written or oral testimony within reasonable time limits; and

WHEREAS, the Hearing was finally adjourned on the 31st day of May, 2005:

NOW, THEREFORE, Be It and It Is Hereby Resolved by the Board of Education of Township High School District Number 215, Cook County, Illinois, as follows:

Section 1. Incorporation of Preambles; Acceptance of Audit. The Board hereby finds that all of the recitals contained in the preambles to this resolution are full, true and correct and does incorporate them into this resolution by this reference. The Audit is hereby accepted and approved by the Board.

Section 2. Authorization. It is hereby found and determined that the Board has been authorized by law to borrow an amount not to exceed \$6,000,000 upon the credit of the District and as evidence of such indebtedness to issue alternate bonds, being general obligation bonds payable from the Pledged Revenues as provided by the Act, to said amount, the proceeds of said bonds to be used for the purpose of paying the cost of the Project, and it is necessary and for the best interests of the District that there be issued at this time an amount not to exceed \$6,000,000 of the bonds so authorized.

Section 3. Bond Details. There be borrowed on the credit of and for and on behalf of the District the sum of \$6,000,000 for the purpose aforesaid; and that bonds of the District (the “*Bonds*”) shall be issued in said amount and shall be designated “General Obligation Bonds (Alternate Revenue Source), Series 2005.” The Bonds shall be dated July 1, 2005, and shall also bear the date of authentication, shall be in fully registered form, shall be in denominations of \$5,000 each and authorized integral multiples thereof, shall be numbered 1 and upward, and the Bonds shall become due and payable (subject to prior redemption as hereinafter set forth) on December 1 of each of the years, in the amounts and bearing interest per annum as follows:

YEAR OF MATURITY	PRINCIPAL AMOUNT	RATE OF INTEREST
2006	\$100,000	4.000%
2007	210,000	4.000%
2008	220,000	4.125%
2009	225,000	4.125%
2010	235,000	4.125%
2011	245,000	4.500%
2012	255,000	4.500%
2013	270,000	4.500%
2014	280,000	4.500%
2015	295,000	4.000%
2016	305,000	4.000%
2017	320,000	4.000%
2018	330,000	4.000%
2019	345,000	4.000%
2020	355,000	4.000%
2021	370,000	4.100%
2022	385,000	4.125%
2023	400,000	4.125%
2025	855,000	4.300%

The Bonds shall bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of the Bonds is paid, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on June 1 and December 1 of each year, commencing on June 1, 2006. Interest on each

Bond shall be paid by check or draft of LaSalle Bank National Association, Chicago, Illinois (the “*Bond Registrar*”), payable upon presentation in lawful money of the United States of America, to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of the Bond Registrar.

The Bonds shall be signed by the manual or facsimile signatures of the President and Secretary of the Board, and shall be registered, numbered and countersigned by the manual or facsimile signature of the School Treasurer who receives the taxes of the District, and in case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

All Bonds shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Bond Registrar as authenticating agent of the District and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this resolution unless and until such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this resolution. The certificate of authentication on any Bond shall be deemed to have been executed by the Bond Registrar if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 4. Registration of Bonds; Persons Treated as Owners. (a) General. The District shall cause books (the “*Bond Register*”) for the registration and for the transfer of the

Bonds as provided in this Resolution to be kept at the principal corporate trust office of the Bond Registrar, which is hereby constituted and appointed the registrar of the District. The District is authorized to prepare, and the Bond Registrar shall keep custody of, multiple Bond blanks executed by the District for use in the transfer and exchange of Bonds.

Upon surrender for transfer of any Bond at the principal corporate trust office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by, the registered owner or his or her attorney duly authorized in writing, the District shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same maturity of authorized denominations, for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at said office of the Bond Registrar for a like aggregate principal amount of Bond or Bonds of the same maturity of other authorized denominations. The execution by the District of any fully registered Bond shall constitute full and due authorization of such Bond and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond, *provided, however*, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less previous retirements.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month of any interest payment date on such Bond and ending on such interest payment date, nor to transfer exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any

Bond shall be made only to or upon the order of the registered owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the District or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

(b) *Global Book-Entry System.* The Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds determined as described in Section 3 hereof. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register in the name of Cede & Co., or any successor thereto ("*Cede*"), as nominee of The Depository Trust Company, New York, New York, and its successors and assigns ("*DTC*"). All of the outstanding Bonds shall be registered in the Bond Register in the name of Cede, as nominee of DTC, except as hereinafter provided. The President and Secretary of the Board, the Superintendent and chief business official of the District and the Bond Registrar are each authorized to execute and deliver, on behalf of the District, such letters to or agreements with DTC as shall be necessary to effectuate such book-entry system (any such letter or agreement being referred to herein as the "*Representation Letter*"), which Representation Letter may provide for the payment of principal of or interest on the Bonds by wire transfer.

With respect to Bonds registered in the Bond Register in the name of Cede, as nominee of DTC, the District and the Bond Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being

referred to herein as a “*DTC Participant*”) or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the District and the Bond Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to the principal of or interest on the Bonds. The District and the Bond Registrar may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Bond Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective registered owners of the Bonds, as shown in the Bond Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District’s obligations with respect to payment of the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner of a Bond as shown in the Bond Register, shall receive a Bond evidencing the obligation of the District to make payments of principal and interest with respect to any Bond. Upon delivery by DTC to the Bond Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the provisions in Section 3 hereof with respect to the payment of interest to the registered owners of Bonds at the close of business on the 15th day

of the month next preceding the applicable interest payment date, the name "Cede" in this Resolution shall refer to such new nominee of DTC.

In the event that (i) the District determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (ii) the agreement among the District, the Bond Registrar and DTC evidenced by the Representation Letter shall be terminated for any reason or (iii) the District determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the District shall notify DTC and DTC Participants of the availability through DTC of certificated Bonds and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede, as nominee of DTC. At that time, the District may determine that the Bonds shall be registered in the name of and deposited with such other depository operating a universal book-entry system, as may be acceptable to the District, or such depository's agent or designee, and if the District does not select such alternate universal book-entry system, then the Bonds may be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 4(a) hereof.

Notwithstanding any other provisions of this Resolution to the contrary, so long as any Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the name provided in the Representation Letter.

Section 5. Redemption. (a) Optional Redemption. The Bonds maturing on and after December 1, 2015, shall be subject to redemption prior to maturity at the option of the District as a whole, or in part in integral multiples of \$5,000 in any order of their maturity as determined by the District (less than all of the Bonds of a single maturity to be selected by the Bond Registrar),

on December 1, 2014, and on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

(b) *Mandatory Redemption.* The Bonds due on December 1, 2025, are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1, 2024, in the principal amount of \$420,000.

(c) *General.* The principal amounts of Bonds to be mandatorily redeemed in each year may be reduced through the earlier optional redemption thereof, with any partial optional redemptions of such Bonds credited against future mandatory redemption requirements in such order of the mandatory redemption dates as the District may determine. In addition, on or prior to the 60th day preceding any mandatory redemption date, the Bond Registrar may, and if directed by the Board shall, purchase Bonds required to be retired on such mandatory redemption date. Any such Bonds so purchased shall be cancelled and the principal amount thereof shall be credited against the mandatory redemption required on such next mandatory redemption date. The Bonds shall be redeemed only in the principal amount of \$5,000 and integral multiples thereof. The District shall, at least forty-five (45) days prior to any optional redemption date (unless a shorter time period shall be satisfactory to the Bond Registrar) notify the Bond Registrar of such redemption date and of the principal amount and maturity or maturities of Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Bond Registrar from the Bonds of such maturity by such method of lottery as the Bond Registrar shall deem fair and appropriate; *provided* that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that any \$5,000 Bond or \$5,000 portion of a Bond shall be as likely to be called for redemption as any other such \$5,000 Bond or \$5,000

portion. The Bond Registrar shall make such selection upon the earlier of the irrevocable deposit of funds with an escrow agent sufficient to pay the redemption price of the Bonds to be redeemed or the time of the giving of official notice of redemption.

The Bond Registrar shall promptly notify the District in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Section 6. Redemption Procedure. Unless waived by any holder of Bonds to be redeemed, notice of the call for any such redemption shall be given by the Bond Registrar on behalf of the District by mailing the redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

All notices of redemption shall state:

- (1) the redemption date,
- (2) the redemption price,
- (3) if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,
- (4) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,
- (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Bond Registrar, and
- (6) such other information then required by custom, practice or industry standard.

Prior to any redemption date, the District shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered holder a new Bond or Bonds of the same maturity in the amount of the unpaid principal.

If any Bond or portion of Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption. All Bonds which have been redeemed shall be cancelled and destroyed by the Bond Registrar and shall not be reissued.

Section 7. Form of Bond. The Bonds shall be in substantially the following form; *provided, however,* that if the text of the Bond is to be printed in its entirety on the front side of the Bond, then paragraph [2] and the legend, "See Reverse Side for Additional Provisions", shall be omitted and paragraphs [6] through [13] shall be inserted immediately after paragraph [1]:

(Form of Bond – Front Side)

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA

STATE OF ILLINOIS

COUNTY OF COOK

TOWNSHIP HIGH SCHOOL DISTRICT NUMBER 215

GENERAL OBLIGATION BOND (ALTERNATE REVENUE SOURCE), SERIES 2005

See Reverse Side for
Additional Provisions

Interest
Rate: _____%

Maturity Date:
December 1, 20__

Dated Date:
July 1, 2005

CUSIP 215651 _____

Registered Owner:

Principal Amount:

[1] KNOW ALL PERSONS BY THESE PRESENTS, that Township High School District Number 215, Cook County, Illinois (the “*District*”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the date of this Bond or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum set forth above on June 1 and December 1 of each year, commencing June 1, 2006, until said Principal Amount is paid. The principal of this Bond is payable in lawful money of the United States of America at the principal corporate trust office of LaSalle Bank National Association, Chicago, Illinois, as bond registrar and paying agent (the “*Bond Registrar*”). Payment of the installments of interest shall be made to the Registered Owner hereof as shown on the registration books of the District maintained by the Bond Registrar at the close of business on the 15th day of the month next

preceding each interest payment date and shall be paid by check or draft of the Bond Registrar, payable upon presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Bond Registrar. For the prompt payment of this Bond, both principal and interest at maturity, the full faith, credit and resources of the District are hereby irrevocably pledged.

[2] Reference is hereby made to the further provisions of this Bond set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as if set forth at this place.

[3] It is hereby certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Bond did exist, have happened, been done and performed in regular and due form and time as required by law; that the indebtedness of the District, including the issue of bonds of which this is one, does not exceed any limitation imposed by law; and that provision has been made for the collection of the Pledged Revenues and the Pledged Taxes to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity and upon mandatory redemption prior to maturity.

[4] This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar.

[5] IN WITNESS WHEREOF, said Township High School District Number 215, Cook County, Illinois, by its Board of Education, has caused this Bond to be signed by the manual or duly authorized facsimile signatures of the President and Secretary of said Board of Education, and to be registered, numbered and countersigned by the manual or duly authorized facsimile signature of the School Treasurer who receives the taxes of the District, all as of the Dated Date identified above.

President, Board of Education

Secretary, Board of Education

Registered, Numbered and Countersigned:

School Treasurer

Date of Authentication: _____, 20__

CERTIFICATE
OF
AUTHENTICATION

Bond Registrar and Paying Agent:
LaSalle Bank National Association
Chicago, Illinois

This Bond is one of the Bonds described in the within mentioned resolution and is one of the General Obligation Bonds (Alternate Revenue Source), Series 2005, of Township High School District Number 215, Cook County, Illinois.

LASALLE BANK NATIONAL ASSOCIATION,
as Bond Registrar

By _____
Authorized Officer

[Form of Bond - Reverse Side]

TOWNSHIP HIGH SCHOOL DISTRICT NUMBER 215

COOK COUNTY, ILLINOIS

GENERAL OBLIGATION BOND

(ALTERNATE REVENUE SOURCE), SERIES 2005

[6] This Bond is one of a series of bonds issued by the District to undertake a school building improvement program consisting of altering, repairing and equipping the Thornton Fractional North and South High School Buildings, in full compliance with the provisions of the School Code of the State of Illinois (the "*Code*"), and the Local Government Debt Reform Act of the State of Illinois (the "*Act*"), and all laws amendatory thereof and supplementary thereto, and is authorized by a resolution adopted by the Board of Education of the District (the "*Board*") on the 28th day of September, 2004, and by a resolution adopted by the Board on the 28th day of June, 2005 (the "*Bond Resolution*"), in all respects as provided by law.

[7] The Bonds are payable from (a) taxes, grants, state aid, interest earnings and other revenues received by the District and available to be expended for the improvement, maintenance, repair and benefit of school buildings and property (the "*Pledged Revenues*"), and (b) ad valorem taxes levied against all of the taxable property in the District without limitation as to rate or amount (the "*Pledged Taxes*"), all in accordance with the provisions of the Act and the Code.

[8] Bonds of the issue of which this Bond is one maturing on and after December 1, 2015, are subject to redemption prior to maturity at the option of the District as a whole, or in part in integral multiples of \$5,000 in any order of their maturity as determined by the District (less than all the Bonds of a single maturity to be selected by lot by the Bond Registrar), on

December 1, 2014, and on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

[9] The Bonds due on December 1, 2025, are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1, 2024, in the principal amount of \$420,000.

[10] Notice of any such redemption shall be sent by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books of the District maintained by the Bond Registrar or at such other address as is furnished in writing by such registered owner to the Bond Registrar. When so called for redemption, this Bond will cease to bear interest on the specified redemption date, provided funds for redemption are on deposit at the place of payment at that time, and shall not be deemed to be outstanding.

[11] This Bond is transferable by the Registered Owner hereof in person or by his or her attorney duly authorized in writing at the principal corporate trust office of the Bond Registrar in Chicago, Illinois, but only in the manner, subject to the limitations and upon payment of the charges provided in the authorizing resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

[12] The Bonds are issued in fully registered form in the denomination of \$5,000 each or authorized integral multiples thereof. This Bond may be exchanged at the principal corporate trust office of the Bond Registrar for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations upon the terms set forth in the authorizing resolution. The Bond Registrar shall not be required to transfer or exchange any Bond during the period

from the close of business on the 15th day of the calendar month preceding any payment date on the Bonds to the opening of business on such payment date, nor to transfer or exchange any Bond during the period of 15 days preceding the giving of notice of redemption of such Bonds, nor to transfer or exchange any Bond all or a portion of which has been called for redemption.

[13] The District and the Bond Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the District nor the Bond Registrar shall be affected by any notice to the contrary.

(ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____

_____,

attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Section 8. Sale of Bonds. The Bonds hereby authorized shall be executed as in this Resolution provided as soon after the passage hereof as may be, and thereupon be deposited with the School Treasurer who receives the taxes of the District, and be by said Treasurer delivered to Griffin, Kubik, Stephens & Thompson, Inc., Chicago, Illinois (the "*Purchaser*"), upon receipt of

the purchase price therefor, the same being \$6,046,207.80, plus accrued interest to date of delivery; the contract for the sale of the Bonds heretofore entered into (the "*Purchase Contract*") is in all respects ratified, approved and confirmed, it being hereby found and determined that the Bonds have been sold at such price and bear interest at such rates that neither the true interest cost (yield) nor the net interest rate received upon such sale exceed the maximum rate otherwise authorized by Illinois law and that the Purchase Contract is in the best interests of the District and that no person holding any office of the District, either by election or appointment, is in any manner financially interested directly in his own name or indirectly in the name of any other person, association, trust or corporation, in the Purchase Contract for the purchase of the Bonds; and the Bonds before being issued shall be registered, numbered and countersigned by said Treasurer, such registration being made in a book provided for that purpose, in which shall be entered the record of the resolution authorizing the Board to borrow said money and a description of the Bonds issued, including the number, date, to whom issued, amount, rate of interest and when due.

The use by the Purchaser of any Preliminary Official Statement and any final Official Statement relating to the Bonds (the "*Official Statement*") is hereby ratified, approved and authorized; the execution and delivery of the Official Statement is hereby authorized; and the officers of the Board are hereby authorized to take any action as may be required on the part of the District to consummate the transactions contemplated by the Purchase Contract, this Resolution, said Preliminary Official Statement, the Official Statement and the Bonds.

Section 9. Alternate Revenue Source; Appropriation; Additional Obligations; Tax Levy. For the purpose of providing funds required to pay the interest on the Bonds promptly when and as the same falls due, and to pay and discharge the principal thereof at maturity, the District covenants and agrees with the purchasers and the owners of the Bonds that the District

will deposit the Pledged Revenues into the Bond Fund, as hereinafter defined. The Pledged Revenues are hereby pledged to the payment of the Bonds and the Board covenants and agrees to provide for, budget, collect and apply the Pledged Revenues to the payment of the Bonds and the provision of not less than an additional .25 times debt service.

The District is authorized to issue from time to time additional bonds payable from the Pledged Revenues as permitted by law and such additional bonds may share ratably and equally in the Pledged Revenues with the Bonds; *provided, however*, that no such additional bonds shall be issued except in accordance with the provisions of the Act.

For the purpose of providing additional funds to pay the principal of and interest on the Bonds, there is hereby levied upon all of the taxable property within the District, in the years for which any of the Bonds are outstanding, a direct annual tax for each of the years while the Bonds or any of them are outstanding, in amounts sufficient for that purpose, and there be and there hereby is levied upon all of the taxable property in the District the following direct annual taxes (the "*Pledged Taxes*"):

FOR THE YEAR

A TAX SUFFICIENT TO PRODUCE THE SUM OF:

2005	\$454,189.69	for interest and principal up to and including December 1, 2006
2006	\$456,016.26	for principal and interest
2007	\$457,616.26	for principal and interest
2008	\$453,541.26	for principal and interest
2009	\$454,260.00	for principal and interest
2010	\$454,566.26	for principal and interest
2011	\$453,541.26	for principal and interest
2012	\$457,066.26	for principal and interest
2013	\$454,916.26	for principal and interest
2014	\$457,316.26	for principal and interest
2015	\$455,516.26	for principal and interest
2016	\$458,316.26	for principal and interest
2017	\$455,516.26	for principal and interest
2018	\$457,316.26	for principal and interest
2019	\$453,516.26	for principal and interest
2020	\$454,316.26	for principal and interest
2021	\$454,146.26	for principal and interest
2022	\$453,265.00	for principal and interest
2023	\$456,765.00	for principal and interest
2024	\$453,705.00	for principal and interest

Interest or principal coming due at any time when there are insufficient funds on hand from the Pledged Taxes to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the Pledged Taxes herein levied; and when the Pledged Taxes shall have been collected, reimbursement shall be made to said funds in the amount so advanced.

The District covenants and agrees with the purchasers and the owners of the Bonds that so long as any of the Bonds remain outstanding, the District will take no action or fail to take any action which in any way would adversely affect the ability of the District to collect the Pledged Revenues or to levy and collect the Pledged Taxes. The District and its officers will comply with all present and future applicable laws in order to assure that the Pledged Revenues will be available and that the Pledged Taxes will be levied, extended and collected as provided herein and deposited in the Bond Fund.

Section 10. Filing of Resolution. Forthwith upon the passage of this resolution, the Secretary of the Board is hereby directed to file a certified copy of this resolution with the County Clerk of The County of Cook, Illinois (the “*County*”), and it shall be the duty of the County Clerk to annually in and for each of the years 2005 to 2024, inclusive, ascertain the rate necessary to produce the tax herein levied, and extend the same for collection on the tax books against all of the taxable property within the District in connection with other taxes levied in each of said years for school purposes, in order to raise the respective amounts aforesaid and in each of said years such annual tax shall be computed, extended and collected in the same manner as now or hereafter provided by law for the computation, extension and collection of taxes for general school purposes of the District; and a certified copy of this resolution shall also be filed with the School Treasurer who receives the taxes of the District.

Section 11. Abatement of Pledged Taxes. Whenever in any year the Pledged Revenues shall have been determined by the Board to provide not less than an amount equal to debt service due on the Bonds on December 1 of that year and on June 1 of the next succeeding year, the Board or such officers of the District acting with proper authority shall direct the abatement of the Pledged Taxes, and proper notification of such abatement shall be filed with the County Clerk in a timely manner to effect such abatement. The District may only direct the abatement of such taxes in any year if and to the extent that it has Pledged Revenues or other funds irrevocably set aside in the Bond Fund sufficient to pay the principal of and interest on the Bonds on the next succeeding June 1 and December 1.

Section 12. Bond Fund. There is hereby established a special fund of the District known as the “Alternate Bond and Interest Fund of 2005” (the “*Bond Fund*”). The Pledged Revenues and the Pledged Taxes shall be set aside as collected and be deposited into the Bond Fund, which is a trust fund established for the purpose of carrying out the covenants, terms and

conditions imposed upon the District by this resolution. The Bonds are secured by a pledge of all of the moneys on deposit in the Bond Fund, and such pledge is irrevocable until the Bonds have been paid in full or until the obligations of the District are discharged under this resolution.

Section 13. Application of Proceeds. Accrued interest received on the delivery of the Bonds shall be and is hereby appropriated for the purpose of paying first interest due on the Bonds and to that end is hereby ordered deposited into the Bond Fund. The principal proceeds of the Bonds, together with any premium received upon the sale of the Bonds, are hereby appropriated for the purpose of paying the cost of the Project and shall be deposited into the Site and Construction/Capital Improvements Fund of the District (the "*Project Fund*"). Interest received from the investment of the funds in the Project Fund shall be retained in the Project Fund for payment of costs of the Project or shall be deposited into the Bond Fund for payment of the Bonds on the interest payment date next after such interest is received or, to the extent permitted by law, transferred by the Board to such other fund of the District as the Board may designate. Interest received from the investment of the funds in the Bond Fund shall be retained in the Bond Fund for payment of the Bonds on the interest payment date next after such interest is received or, to the extent permitted by law, transferred by the Board to such other fund of the District as the Board may designate.

Section 14. Non-Arbitrage and Tax-Exemption. One purpose of this Section is to set forth various facts regarding the Bonds and to establish the expectations of the Board and the District as to future events regarding the Bonds and the use of Bond proceeds. The certifications, covenants and representations contained herein and at the time of the Closing are made on behalf of the District for the benefit of the owners from time to time of the Bonds. In addition to providing the certifications, covenants and representations contained herein, the District hereby covenants that it will not take any action, omit to take any action or permit the taking or omission

of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Bonds) if taking, permitting or omitting to take such action would cause any of the Bonds to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause the interest on the Bonds to be included in the gross income of the recipients thereof for federal income tax purposes. The District acknowledges that, in the event of an examination by the Internal Revenue Service of the exemption from federal income taxation for interest paid on the Bonds, under present rules, the District is treated as the “taxpayer” in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination. The Board and the District certify, covenant and represent as follows:

1.1. Definitions. In addition to such other words and terms used and defined in this Resolution, the following words and terms used in this Section shall have the following meanings unless, in either case, the context or use clearly indicates another or different meaning is intended:

“*Affiliated Person*” means any Person that (a) at any time during the six months prior to the execution and delivery of the Bonds, (i) has more than five percent of the voting power of the governing body of the District in the aggregate vested in its directors, officers, owners, and employees or, (ii) has more than five percent of the voting power of its governing body in the aggregate vested in directors, officers, board members or employees of the District or (b) during the one-year period beginning six months prior to the execution and delivery of the Bonds, (i) the composition of the governing body of which is modified or established to reflect (directly or indirectly) representation of the interests of the District (or for which an agreement, understanding, or arrangement relating to such a modification or establishment during that one-year period) or (ii) the composition of the governing body of the District is modified or established to reflect (directly or indirectly) representation of the interests of such Person (or for which an agreement, understanding, or arrangement relating to such a modification or establishment during that one-year period).

“*Bond Counsel*” means Chapman and Cutler LLP or any other nationally recognized firm of attorneys experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

“*Capital Expenditures*” means costs of a type that would be properly chargeable to a capital account under the Code (or would be so chargeable with a proper election)

under federal income tax principles if the District were treated as a corporation subject to federal income taxation, taking into account the definition of Placed-in-Service set forth herein.

“*Closing*” means the first date on which the District is receiving the purchase price for the Bonds.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Commingled Fund*” means any fund or account containing both Gross Proceeds and an amount in excess of \$25,000 that are not Gross Proceeds if the amounts in the fund or account are invested and accounted for, collectively, without regard to the source of funds deposited in the fund or account. An open-ended regulated investment company under Section 851 of the Code is not a Commingled Fund.

“*Control*” means the possession, directly or indirectly through others, of either of the following discretionary and non-ministerial rights or powers over another entity:

(a) to approve and to remove without cause a controlling portion of the governing body of a Controlled Entity; or

(b) to require the use of funds or assets of a Controlled Entity for any purpose.

“*Controlled Entity*” means any entity or one of a group of entities that is subject to Control by a Controlling Entity or group of Controlling Entities.

“*Controlled Group*” means a group of entities directly or indirectly subject to Control by the same entity or group of entities, including the entity that has Control of the other entities.

“*Controlling Entity*” means any entity or one of a group of entities directly or indirectly having Control of any entities or group of entities.

“*Costs of Issuance*” means the costs of issuing the Bonds, including underwriters’ discount and legal fees, but not including the fees for the Credit Facility described in paragraph 5.6 hereof.

“*Credit Facility*” means the municipal bond insurance policy issued by the Credit Facility Provider.

“*Credit Facility Provider*” means Ambac Assurance Corporation, New York, New York.

“*De minimis Amount of Original Issue Discount or Premium*” means with respect to an obligation (a) any original issue discount or premium that does not exceed two

percent of the stated redemption price at maturity of the Bonds plus (b) any original issue premium that is attributable exclusively to reasonable underwriter's compensation.

"External Commingled Fund" means a Commingled Fund in which the District and all members of the same Controlled Group as the District own, in the aggregate, not more than ten percent of the beneficial interests.

"GIC" means (a) any investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate and (b) any agreement to supply investments on two or more future dates (e.g., a forward supply contract).

"Gross Proceeds" means amounts in the Bond Fund and the Project Fund.

"Net Sale Proceeds" means amounts actually or constructively received from the sale of the Bonds reduced by any such amounts that are deposited in a reasonably required reserve or replacement fund for the Bonds.

"Person" means any entity with standing to be sued or to sue, including any natural person, corporation, body politic, governmental unit, agency, authority, partnership, trust, estate, association, company, or group of any of the above.

"Placed-in-Service" means the date on which, based on all facts and circumstances (a) a facility has reached a degree of completion that would permit its operation at substantially its design level and (b) the facility is, in fact, in operation at such level.

"Private Business Use" means any use of the Project by any Person other than a state or local government unit, including as a result of (i) ownership, (ii) actual or beneficial use pursuant to a lease or a management, service, incentive payment, research or output contract or (iii) any other similar arrangement, agreement or understanding, whether written or oral, except for use of the Project on the same basis as the general public. Private Business Use includes any formal or informal arrangement with any person other than a state or local governmental unit that conveys special legal entitlements to any portion of the Project that is available for use by the general public or that conveys to any person other than a state or local governmental unit any special economic benefit with respect to any portion of the Project that is not available for use by the general public.

"Qualified Administrative Costs of Investments" means (a) reasonable, direct administrative costs (other than carrying costs) such as separately stated brokerage or selling commissions (other than a broker's commission paid on behalf of either the District or the provider of a GIC to the extent such commission exceeds the lesser of a reasonable amount or the present value of annual payments equal to 0.05 percent of the weighted average amount reasonably expected to be invested each year of the term of the GIC (for this purpose, present value is computed using the yield on the GIC), but not legal and accounting fees, recordkeeping, custody and similar costs; or (b) all reasonable

administrative costs, direct or indirect, incurred by a publicly offered regulated investment company or an External Commingled Fund.

“Qualified Tax Exempt Obligations” means (a) any obligation described in Section 103(a) of the Code, the interest on which is excludable from gross income of the owner thereof for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax imposed by Section 55 of the Code; (b) an interest in a regulated investment company to the extent that at least ninety-five percent of the income to the holder of the interest is interest which is excludable from gross income under Section 103 of the Code of any owner thereof for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax imposed by Section 55 of the Code; and (c) certificates of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program described in 31 C.F.R. part 344.

“Rebate Fund” means the fund, if any, identified and defined in paragraph 4.2 herein.

“Rebate Provisions” means the rebate requirements contained in Section 148(f) of the Code and in the Regulations.

“Regulations” means United States Treasury Regulations dealing with the tax-exempt bond provisions of the Code.

“Reimbursed Expenditures” means expenditures of the District paid prior to Closing to which Sale Proceeds or investment earnings thereon are or will be allocated.

“Sale Proceeds” means amounts actually or constructively received from the sale of the Bonds, including (a) amounts used to pay underwriters’ discount or compensation and accrued interest, other than accrued interest for a period not greater than one year before Closing but only if it is to be paid within one year after Closing and (b) amounts derived from the sale of any right that is part of the terms of a Bond or is otherwise associated with a Bond (*e.g.*, a redemption right).

“Yield” means that discount rate which when used in computing the present value of all payments of principal and interest paid and to be paid on an obligation (using semiannual compounding on the basis of a 360-day year) produces an amount equal to the obligation’s purchase price (or in the case of the Bonds, the issue price as established in paragraph 5.1 hereof), including accrued interest.

“Yield Reduction Payment” means a rebate payment or any other amount paid to the United States in the same manner as rebate amounts are required to be paid or at such other time or in such manner as the Internal Revenue Service may prescribe that will be treated as a reduction in Yield of an investment under the Regulations.

2.1. *Purpose of the Bonds.* The Bonds are being issued to finance the Project in a prudent manner consistent with the revenue needs of the District. A breakdown of the sources and uses of funds is set forth in the preceding Section of this Resolution. At least 75% of the sum of (i) Sale Proceeds plus (ii) investment earnings thereon, less (iii) Costs of Issuance paid from Sale Proceeds or investment earnings thereon, less (iv) Sale Proceeds or investment earnings thereon deposited in a reasonably required reserve or replacement fund, are expected to be used for construction purposes with respect to property owned by a governmental unit or a Section 501(c)(3) organization. Except for any accrued interest on the Bonds used to pay first interest due on the Bonds, no proceeds of the Bonds will be used more than 30 days after the date of issue of the Bonds for the purpose of paying any principal or interest on any issue of bonds, notes, certificates or warrants or on any installment contract or other obligation of the District or for the purpose of replacing any funds of the District used for such purpose.

2.2. *The Project – Binding Commitment and Timing.* The District has incurred or will, within six months of the Closing, incur a substantial binding obligation (not subject to contingencies within the control of the District or any member of the same Controlled Group as the District) to a third party to expend at least five percent of the Net Sale Proceeds on the Project. It is expected that the work of acquiring and constructing the Project and the expenditure of amounts deposited into the Project Fund will continue to proceed with due diligence through July 14, 2008, at which time it is anticipated that all Sale Proceeds and investment earnings thereon will have been spent.

2.3. *Reimbursement.* None of the Sale Proceeds or investment earnings thereon will be used for Reimbursed Expenditures.

2.4. *Working Capital.* All Sale Proceeds and investment earnings thereon will be used, directly or indirectly, to finance Capital Expenditures other than the following:

- (a) an amount not to exceed five percent of the Sale Proceeds for working capital expenditures directly related to Capital Expenditures financed by the Bonds;
- (b) payments of interest on the Bonds for a period commencing at Closing and ending on the later of the date three years after Closing or one year after the date on which the Project is Placed-in-Service;
- (c) Costs of Issuance and Qualified Administrative Costs of Investments;
- (d) payments of rebate or Yield Reduction Payments made to the United States under the Regulations;
- (e) principal of or interest on the Bonds paid from unexpected excess Sale Proceeds and investment earnings thereon;

(f) fees for a qualified guarantee within the meaning of Treas. Reg. Section 1.148-4(f); and

(g) investment earnings that are commingled with substantial other revenues and are expected to be allocated to expenditures within six months.

No Gross Proceeds may be spent for non-capital purposes pursuant to Section 2.4 hereof if the expenditure merely substitutes Gross Proceeds for other amounts that would have been used to make expenditures in a manner that gives rise to Replacement Proceeds.

2.5. *Consequences of Contrary Expenditure.* The District acknowledges that if Sale Proceeds and investment earnings thereon are spent for non-Capital Expenditures other than as permitted by paragraph 2.4 hereof, a like amount of then available funds of the District will be treated as unspent Sale Proceeds.

2.6. *Investment of Bond Proceeds.* Not more than 50% of the Sale Proceeds and investment earnings thereon are or will be invested in investments (other than Qualified Tax Exempt Obligations) having a Yield that is substantially guaranteed for four years or more. No portion of the Bonds is being issued solely for the purpose of investing a portion of Sale Proceeds or investment earnings thereon at a Yield higher than the Yield on the Bonds.

It is expected that the Sale Proceeds deposited into the Project Fund, including investment earnings on the Project Fund, will be spent to pay costs of the Project and interest on the Bonds not later than the date set forth in paragraph 2.2 hereof, the investment earnings on the Bond Fund will be spent to pay interest on the Bonds, or to the extent permitted by law, investment earnings on amounts in the Project Fund and the Bond Fund will be commingled with substantial revenues from the governmental operations of the District, and the earnings are reasonably expected to be spent for governmental purposes within six months of the date earned. Interest earnings on the Project Fund and the Bond Fund have not been earmarked or restricted by the Board for a designated purpose.

2.7. *No Grants.* None of the Sale Proceeds or investment earnings thereon will be used to make grants to any person.

2.8. *Hedges.* Neither the District nor any member of the same Controlled Group as the District has entered into or expects to enter into any hedge (*e.g.*, an interest rate swap, interest rate cap, futures contract, forward contract or an option) with respect to the Bonds. The District acknowledges that any such hedge could affect, among other things, the calculation of Bond Yield under the Regulations. The Internal Revenue Service could recalculate Bond Yield if the failure to account for the hedge fails to clearly reflect the economic substance of the transaction.

2.9. *Internal Revenue Service Audits.* The District represents that the Internal Revenue Service has not contacted the District regarding any obligations issued by or on behalf of the District. To the best of the knowledge of the District, no such obligations of the District are currently under examination by the Internal Revenue Service.

3.1. *Use of Proceeds.* (a) The use of the Sale Proceeds and investment earnings thereon and the funds held under this Resolution at the time of Closing are described in the preceding Section of this Resolution. No Sale Proceeds will be used to pre-pay for goods or services to be received over a period of years prior to the date such goods or services are to be received, except for any payment to the Credit Facility Provider. No Sale Proceeds or any investment earnings thereon will be used to pay for or otherwise acquire goods or services from an Affiliated Person.

(b) Only the funds and accounts described in said Section will be funded at Closing. There are no other funds or accounts created under this Resolution, other than the Rebate Fund if it is created as provided in paragraph 4.2 hereof.

(c) Principal of and interest on the Bonds will be paid from the Bond Fund.

(d) Any Costs of Issuance incurred in connection with the issuance of the Bonds to be paid by the District will be paid at the time of Closing.

(e) The costs of the Project will be paid from the Project Fund and no other moneys (except for investment earnings on amounts in the Project Fund) are expected to be deposited therein.

3.2. *Purpose of Bond Fund.* The Bond Fund will be used primarily to achieve a proper matching of revenues and earnings with principal and interest payments on the Bonds in each bond year. It is expected that the Bond Fund will be depleted at least once a year, except for a reasonable carry over amount not to exceed the greater of (a) the earnings on the investment of moneys in the Bond Fund for the immediately preceding bond year or (b) 1/12th of the principal and interest payments on the Bonds for the immediately preceding bond year.

3.3. *No Other Gross Proceeds.* (a) Except for the Bond Fund and the Project Fund, and except for investment earnings that have been commingled as described in paragraph 2.2 and any credit enhancement or liquidity device related to the Bonds, after the issuance of the Bonds, neither the District nor any member of the same Controlled Group as the District has or will have any property, including cash, securities or will have any property, including cash, securities or any other property held as a passive vehicle for the production of income or for investment purposes, that constitutes:

(i) Sale Proceeds;

(ii) amounts in any fund and account with respect to the Bonds (other than the Rebate Fund);

(iii) amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the Bonds were not used or to be used for that governmental purpose (the mere availability or preliminary earmarking of such amounts for a governmental purpose, however, does not itself establish such a sufficient nexus);

(iv) amounts in a debt service fund, redemption fund, reserve fund, replacement fund or any similar fund to the extent reasonably expected to be used directly or indirectly to pay principal of or interest on the Bonds or any amounts for which there is provided, directly or indirectly, a reasonable assurance that the amount will be available to pay principal of or interest on the Bonds or any obligations under any credit enhancement or liquidity device with respect to the Bonds, even if the District encounters financial difficulties;

(v) any amounts held pursuant to any agreement (such as an agreement to maintain certain levels of types of assets) made for the benefit of the Bondholders or any credit enhancement provider, including any liquidity device or negative pledge (e.g., any amount pledged to pay principal of or interest on an issue held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of holders of the Bonds or a guarantor of the bonds); or

(vi) amounts actually or constructively received from the investment and reinvestment of the amounts described in (i) or (ii) above.

(b) No compensating balance, liquidity account, negative pledge of property held for investment purposes required to be maintained at least at a particular level or similar arrangement exists with respect to, in any way, the Bonds or any credit enhancement or liquidity device related to the Bonds.

(c) The term of the Bonds is not longer than is reasonably necessary for the governmental purposes of the Bonds. The average reasonably expected economic life of the Project is at least 20 years. The weighted average maturity of the Bonds does not exceed 20 years and does not exceed 120 percent of the average reasonably expected economic life of the Project. The maturity schedule of the Bonds (the "*Principal Payment Schedule*") is based on an analysis of revenues expected to be available to pay debt service on the Bonds. The Principal Payment Schedule is not more rapid (i.e., having a lower average maturity) because a more rapid schedule would place an undue burden on tax rates and cause such rates to be increased beyond prudent levels, and would be inconsistent with the governmental purpose of the Bonds as set forth in paragraph 2.1 hereof.

4.1. *Compliance with Rebate Provisions.* The District covenants to take such actions and make, or cause to be made, all calculations, transfers and payments that may be necessary to comply with the Rebate Provisions applicable to the Bonds. The District

will make, or cause to be made, rebate payments with respect to the Bonds in accordance with law.

4.2. *Rebate Fund.* The District is hereby authorized to create and establish a special fund to be known as the Rebate Fund (the "*Rebate Fund*"), which, if created, shall be continuously held, invested, expended and accounted for in accordance with this Resolution. Moneys in the Rebate Fund shall not be considered moneys held for the benefit of the owners of the Bonds. Except as provided in the Regulations, moneys in the Rebate Fund (including earnings and deposits therein) shall be held in trust for payment to the United States as required by the Rebate Provisions and by the Regulations and as contemplated under the provisions of this Resolution.

4.3. *Records.* The District agrees to keep and retain or cause to be kept and retained until six years (three years for the records required by paragraph 4.4(c) hereof) after the Bonds are paid in full adequate records with respect to the investment of all Gross Proceeds and amounts in the Rebate Fund. Such records shall include: (a) purchase price; (b) purchase date; (c) type of investment; (d) accrued interest paid; (e) interest rate; (f) principal amount; (g) maturity date; (h) interest payment date; (i) date of liquidation; and (j) receipt upon liquidation.

If any investment becomes Gross Proceeds on a date other than the date such investment is purchased, the records required to be kept shall include the fair market value of such investment on the date it becomes Gross Proceeds. If any investment is retained after the date the last Bond is retired, the records required to be kept shall include the fair market value of such investment on the date the last Bond is retired. Amounts or investments will be segregated whenever necessary to maintain these records.

4.4. *Fair Market Value; Certificates of Deposit and Investment Agreements.* The District will continuously invest all amounts on deposit in the Rebate Fund, together with the amounts, if any, to be transferred to the Rebate Fund, in any investment permitted under this Resolution. The District shall take into account prudent investment standards and the date on which such moneys may be needed. Except as provided in the next sentence, all amounts that constitute Gross Proceeds and all amounts in the Rebate Fund shall be invested at all times to the greatest extent practicable, and no amounts may be held as cash or be invested in zero yield investments other than obligations of the United States purchased directly from the United States. In the event moneys cannot be invested, other than as provided in this sentence due to the denomination, price or availability of investments, the amounts shall be invested in an interest bearing deposit of a bank with a yield not less than that paid to the general public or held uninvested to the minimum extent necessary.

Gross Proceeds and any amounts in the Rebate Fund that are invested in certificates of deposit or in GICs shall be invested only in accordance with the following provisions:

(a) Investments in certificates of deposit of banks or savings and loan associations that have a fixed interest rate, fixed payment schedules and substantial penalties for early withdrawal shall be made only if either (i) the Yield on the certificate of deposit (A) is not less than the Yield on reasonably comparable direct obligations of the United States and (B) is not less than the highest Yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public or (ii) the investment is an investment in a GIC and qualifies under paragraph (b) below.

(b) Investments in GICs shall be made only if

(i) the bid specifications are in writing, include all material terms of the bid and are timely forwarded to potential providers (a term is material if it may directly or indirectly affect the yield on the GIC);

(ii) the terms of the bid specifications are commercially reasonable (a term is commercially reasonable if there is a legitimate business purpose for the term other than to reduce the yield on the GIC);

(iii) all bidders for the GIC have equal opportunity to bid so that, for example, no bidder is given the opportunity to review others bids (a last look) before bidding;

(iv) any agent used to conduct the bidding for the GIC does not bid to provide the GIC;

(v) at least three of the providers solicited for bids for the GIC are reasonably competitive providers of investments of the type purchased (*i.e.*, providers that have established industry reputations as competitive providers of the type of investments being purchased);

(vi) at least three of the entities that submit a bid do not have a financial interest in the Bonds;

(vii) at least one of the entities that provided a bid is a reasonably competitive provider that does not have a financial interest in the Bonds;

(viii) the bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other provider about its bid, that the bid was determined without regard to any other formal or informal agreement

that the potential provider has with the District or any other person (whether or not in connection with the Bonds) and that the bid is not being submitted solely as a courtesy to the District or any other person for purposes of satisfying the federal income tax requirements relating to the bidding for the GIC;

(ix) the determination of the terms of the GIC takes into account the reasonably expected deposit and drawdown schedule for the amounts to be invested;

(x) the highest-yielding GIC for which a qualifying bid is made (determined net of broker's fees) is in fact purchased; and

(xi) the obligor on the GIC certifies the administrative costs that it is paying or expects to pay to third parties in connection with the GIC.

(c) If a GIC is purchased, the District will retain the following records with its bond documents until three years after the Bonds are redeemed in their entirety:

(i) a copy of the GIC;

(ii) the receipt or other record of the amount actually paid for the GIC, including a record of any administrative costs paid, and the certification under subparagraph (b)(xi) of this paragraph;

(iii) for each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results; and

(iv) the bid solicitation form and, if the terms of the GIC deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

Moneys to be rebated to the United States shall be invested to mature on or prior to the anticipated rebate payment date. All investments made with Gross Proceeds or amounts in the Rebate Fund shall be bought and sold at fair market value. The fair market value of an investment is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction. Except for investments specifically described in this Section and United States Treasury obligations that are purchased directly from the United States Treasury, only investments that are traded on an established securities market, within the meaning of regulations promulgated under Section 1273 of the Code, will be purchased with Gross Proceeds. In general, an "established securities market" includes: (i) property that is listed on a national securities exchange, an interdealer quotation system or certain foreign exchanges; (ii) property that is traded on a Commodities Futures Trading Commission designated board of trade or an

interbank market; (iii) property that appears on a quotation medium; and (iv) property for which price quotations are readily available from dealers and brokers. A debt instrument is not treated as traded on an established market solely because it is convertible into property which is so traded.

An investment of Gross Proceeds in an External Commingled Fund shall be made only to the extent that such investment is made without an intent to reduce the amount to be rebated to the United States Government or to create a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the rebate or Yield restriction requirements not been relevant to the District. An investment of Gross Proceeds shall be made in a Commingled Fund other than an External Commingled Fund only if the investments made by such Commingled Fund satisfy the provisions of this paragraph.

A single investment, or multiple investments awarded to a provider based on a single bid may not be used for funds subject to different rules relating to rebate or yield restriction.

The foregoing provisions of this paragraph satisfy various safe harbors set forth in the Regulations relating to the valuation of certain types of investments. The safe harbor provisions of this paragraph are contained herein for the protection of the District, who has covenanted not to take any action to adversely affect the tax-exempt status of the interest on the Bonds. The District will contact Bond Counsel if it does not wish to comply with the provisions of this paragraph and forego the protection provided by the safe harbors provided herein.

4.5. Arbitrage Elections. The President and Secretary of the Board and the School Treasurer of the District are hereby authorized to execute one or more elections regarding certain matters with respect to arbitrage.

4.6. Small Issuer Exception. The District is a governmental unit that has the power to impose a tax or to cause another entity to impose a tax of general applicability that, when collected, may be used for the governmental purposes of the District. The power to impose such tax is not contingent on approval by another governmental unit; a tax of general applicability is one that is not limited to a small number of persons. The District is not subject to Control by any other governmental unit or political subdivision. None of the Bonds is or will be a "private activity bond" (as defined in Section 141 of the Code). Ninety-five percent or more of the Sale Proceeds will be used for local governmental activities of the District. Neither the District, any entity that issues tax-exempt bonds on behalf of the District nor any entity subject to Control by the District will issue, during the calendar year 2005, any tax-exempt bonds in an aggregate face amount in excess of the *maximum aggregate face amount* (as hereinafter defined). As used herein, (a) "*tax-exempt bonds*" means obligations of any kind, the interest on which is excludable from gross income of the holders or owners thereof for federal income tax purposes pursuant to Section 103 of the Code but not including "private activity bonds" (as defined in Section 141 of the Code), (b) "*aggregate face amount*"

means, if an issue has more than a De minimis Amount of Original Issue Discount or Premium, the issue price of the issue and otherwise means the face amount of the issue and (c) "*maximum aggregate face amount*" means, the sum of (i) \$5,000,000 and (ii) the aggregate face amount of bonds issued during the calendar year that are allocable to financing construction expenditures for public school facilities, but in no event can the *maximum aggregate face amount* exceed \$10,000,000. As of the date hereof, no tax-exempt bonds or other obligations (other than the Bonds) have been issued by the District, any entity that issues tax-exempt bonds on behalf of the District or any entity subject to Control by the District during the calendar year 2005. The District does not reasonably expect that it, any entity that issues tax-exempt bonds on behalf of the District or any entity subject to Control by the District (including but not limited to the District) will issue any such tax-exempt bonds or other obligations within calendar year 2005. Therefore, subject to compliance with all the terms and provisions hereof, the District is excepted from the required rebate of arbitrage profits on the Bonds under Section 148(f)(4)(D) of the Code and from the terms and provisions of this Resolution that need only be complied with if the District is subject to the arbitrage rebate requirement.

5.1. Issue Price. For purposes of determining the Yield on the Bonds, the purchase price of the Bonds is equal to the first offering price (including accrued interest) at which the Purchaser sold at least ten percent of the principal amount of each maturity of the Bonds to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). All of the Bonds have been the subject of a bona fide initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at prices equal to those set forth in the Official Statement. Based upon prevailing market conditions, such prices are not less than the fair market value of each Bond as of the sale date for the Bonds.

5.2. Yield Limits. Except as provided in paragraph (a) or (b), all Gross Proceeds shall be invested at market prices and at a Yield (after taking into account any Yield Reduction Payments) not in excess of the Yield on the Bonds plus, if only for amounts in the Project Fund are subject to this yield limitation, 1/8th of one percent.

The following may be invested without Yield restriction:

(a)(i) amounts on deposit in the Bond Fund (except for capitalized interest) that have not been on deposit under the Resolution for more than 13 months, so long as the Bond Fund continues to qualify as a bona fide debt service fund as described in paragraph 3.2 hereof;

(ii) amounts on deposit in the Project Fund that are reasonably expected to pay for the costs of the Project, costs of issuance of the Bonds, or interest on the Bonds during the three year period beginning on the date of issue of the Bonds prior to three years after Closing;

(iii) amounts in the Bond Fund to be used to pay capitalized interest on the Bonds prior to the earlier of three years after Closing or the payment of all capitalized interest;

(b)(i) An amount not to exceed the lesser of \$100,000 or five percent of the Sale Proceeds;

(ii) amounts invested in Qualified Tax Exempt Obligations (to the extent permitted by law and this Resolution);

(iii) amounts in the Rebate Fund;

(iv) all amounts other than Sale Proceeds for the first 30 days after they become Gross Proceeds; and

(v) all amounts derived from the investment of Sale Proceeds or investment earnings thereon for a period of one year from the date received.

5.3. Continuing Nature of Yield Limits. Except as provided in paragraph 7.9 hereof, once moneys are subject to the Yield limits of paragraph 5.2 hereof, such moneys remain Yield restricted until they cease to be Gross Proceeds.

5.4. Federal Guarantees. Except for investments meeting the requirements of paragraph 5.2(a) hereof, investments of Gross Proceeds shall not be made in (a) investments constituting obligations of or guaranteed, directly or indirectly, by the United States (except obligations of the United States Treasury, or investments in obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank, as amended (*e.g.*, Refcorp Strips)); or (b) federally insured deposits or accounts (as defined in Section 149(b)(4)(B) of the Code). Except as otherwise permitted in the immediately prior sentence and in the Regulations, no portion of the payment of principal or interest on the Bonds or any credit enhancement or liquidity device relating to the foregoing is or will be guaranteed, directly or indirectly (in whole or in part), by the United States (or any agency or instrumentality thereof), including a lease, incentive payment, research or output contract or any similar arrangement, agreement or understanding with the United States or any agency or instrumentality thereof. No portion of the Gross Proceeds has been or will be used to make loans the payment of principal or interest with respect to which is or will be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof). Neither this paragraph nor paragraph 5.5 hereof applies to any guarantee by the Federal Housing Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, the Student Loan Marketing Association or the Bonneville Power Administration pursuant to the Northwest Power Act (16 U.S.C. 839d) as in effect on the date of enactment of the Tax Reform Act of 1984.

5.5. Investments After the Expiration of Temporary Periods, Etc. After the expiration of the temporary period set forth in paragraph 5.2(a)(ii) hereof, amounts in the

Project Fund may not be invested in (i) federally insured deposits or accounts (as defined in Section 149(b)(4)(B) of the Code) or (ii) investments constituting obligations of or guaranteed, directly or indirectly, by the United States (except obligations of the United States Treasury or investments in obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank Act, as amended (e.g., Refcorp Strips). Any other amounts that are subject to the yield limitation in paragraph 5.2 hereof because paragraph 5.2(a) hereof is not applicable and amounts not subject to yield restriction only because they are described in paragraph 5.2(b) hereof, are also subject to the limitation set forth in the preceding sentence.

5.6. Treatment of Certain Credit Facility Fees. The fee paid to the Credit Facility Provider with respect to the Credit Facility may be treated as interest in computing Bond Yield.

Neither the District nor any member of the same Controlled Group as the District is a Related Person as defined in Section 144(a)(3) of the Code to the Credit Facility Provider. The fee paid to the Credit Facility Provider does not exceed ten percent of the Sale Proceeds. Other than the fee paid to the Credit Facility Provider, neither the Credit Facility Provider nor any person who is a Related Person to the Credit Facility Provider within the meaning of Section 144(a)(3) of the Code will use any Sale Proceeds or investment earnings thereon. The fee paid for the Credit Facility does not exceed a reasonable, arm's length charge for the transfer of credit risk. The fee does not include any payment for any direct or indirect services other than the transfer of credit risk.

6.1. Payment and Use Tests. (a) No more than five percent of the Sale Proceeds plus investment earnings thereon will be used, directly or indirectly, in whole or in part, in any Private Business Use. The District acknowledges that, for purposes of the preceding sentence, Gross Proceeds used to pay costs of issuance and other common costs (such as capitalized interest and fees paid for a qualified guarantee or qualified hedge) or invested in a reserve or replacement fund must be ratably allocated among all the purposes for which Gross Proceeds are being used.

(b) The payment of more than five percent of the principal of or the interest on the Bonds will not be, directly or indirectly (i) secured by any interest in (A) property used or to be used in any Private Business Use or (B) payments in respect of such property or (ii) on a present value basis, derived from payments (whether or not to the District or a member of the same Controlled Group as the District) in respect of property, or borrowed money, used or to be used in any Private Business Use.

(c) No more than the lesser of five percent of the sum of the Sale Proceeds and investment earnings thereon or \$5,000,000 will be used, directly or indirectly, to make or finance loans to any persons. The District acknowledges that, for purposes of the preceding sentence, Gross Proceeds used to pay costs of issuance and other common costs (such as capitalized interest and fees paid for a qualified guarantee or qualified hedge) or invested in a reserve or replacement fund must be ratably allocated among all the purposes for which Gross Proceeds are being used.

(d) No user of the Project other than a state or local governmental unit will use more than five percent of the Project, in the aggregate, on any basis other than the same basis as the general public.

(e) No more than the lesser of five percent of the proceeds of the Bonds or \$5,000,000 of the proceeds of the Bonds and investment earnings thereon have been or will be used to provide professional sports facilities. For purposes of this paragraph, the term "professional sports facilities" (i) means real property or related improvements used for professional sports exhibitions, games or training, regardless of whether the admission of the public or press is allowed or paid and (ii) includes any use of a facility that generates a direct or indirect monetary benefit (other than reimbursement for out-of-pocket expenses) for a person who uses such facilities for professional sport exhibitions, games or training.

6.2. *I.R.S. Form 8038-G.* The information contained in the Information Return for Tax-Exempt Governmental Obligations, Form 8038-G, is true and complete. The District will file Form 8038-G (and all other required information reporting forms) in a timely manner.

6.3. *Bank Qualification.* (a) The District hereby designates each of the Bonds as a "qualified tax-exempt obligation" for the purposes and within the meaning of Section 265(b)(3) of the Code. In support of such designation, the District hereby certifies that (i) none of the Bonds will be at anytime a "private activity bond" (as defined in Section 141 of the Code) other than a "qualified 501(c)(3) bond" (as defined in Section 145 of the Code), (ii) as of the date hereof in calendar year 2005, the District has not issued any tax-exempt obligations of any kind other than the Bonds nor have any tax-exempt obligations of any kind been issued on behalf of the District and (iii) not more than \$10,000,000 of obligations of any kind (including the Bonds) issued by or on behalf of the District during calendar year 2005 will be designated for purposes of Section 265(b)(3) of the Code.

(b) The District is not subject to Control by any entity, and there are no entities subject to Control by the District.

(c) On the date hereof, the District does not reasonably anticipate that for calendar year 2005 it will issue any Section 265 Tax-Exempt Obligations (other than the Bonds), or that any Section 265 Tax-Exempt Obligations will be issued on behalf of it. "*Section 265 Tax-Exempt Obligations*" are obligations the interest on which is excludable from gross income of the owners thereof under Section 103 of the Code, *except for* private activity bonds other than qualified 501(c)(3) bonds, both as defined in Section 141 of the Code. The District will not issue or permit the issuance on behalf of it or by any entity subject to Control by the District (which may hereafter come into existence) of Section 265 Tax-Exempt Obligations (including the Bonds) that exceed the aggregate amount of \$10,000,000 during calendar year 2005 unless it first obtains an opinion of Bond Counsel to the effect that such issuance will not adversely affect the

treatment of the Bonds as “qualified tax-exempt obligations” for the purposes and within the meaning of Section 265(b)(3) of the Code.

7.1. Termination; Interest of District in Rebate Fund. The terms and provisions set forth in this Section shall terminate at the later of (a) 75 days after the Bonds have been fully paid and retired or (b) the date on which all amounts remaining on deposit in the Rebate Fund, if any, shall have been paid to or upon the order of the United States and any other payments required to satisfy the Rebate Provisions of the Code have been made to the United States. Notwithstanding the foregoing, the provisions of paragraph 4.3 hereof shall not terminate until the sixth anniversary of the date the Bonds are fully paid and retired, and the provisions of paragraph 4.4(c) hereof shall not terminate until the third anniversary of the date the Bonds are fully paid and retired.

7.2. Common Plan of Financing. Since a date that is 15 days prior to the date of sale of the Bonds by the District to the Purchaser, neither the District nor any member of the same Controlled Group as the District has sold or delivered any obligations other than the Bonds that are reasonably expected to be paid out of substantially the same source of funds as the Bonds. Neither the District nor any member of the same Controlled Group as the District will sell or deliver within 15 days after the date hereof any obligations other than the Bonds that are reasonably expected to be paid out of substantially the same source of funds as the Bonds. The District hereby elects under Treas. Reg. Section 1.150-1(c)(4)(iii) to treat the Bonds as part of the same issue. All of the Bonds are general obligations of the District secured by its full faith and credit (or substantially similar pledge) and were sold and issued on the same dates pursuant to a single offering document.

7.3. No Sale of the Project. (a) Other than as provided in the next sentence, neither the Project nor any portion thereof has been, is expected to be, or will be sold or otherwise disposed of, in whole or in part, prior to the earlier of (i) the last date of the reasonably expected economic life to the District of the property (determined on the date of issuance of the Bonds) or (ii) the last maturity date of the Bonds. The District may dispose of personal property in the ordinary course of an established government program prior to the earlier of (i) the last date of the reasonably expected economic life to the District of the property (determined on the date of issuance of the Bonds) or (ii) the last maturity of the Bonds, provided: (A) the weighted average maturity of the Bonds financing the personal property is not greater than 120 percent of the reasonably expected actual use of that property for governmental purposes; (B) the District reasonably expects on the issue date that the fair market value of that property on the date of disposition will be not greater than 25 percent of its cost; (C) the property is no longer suitable for its governmental purposes on the date of disposition; and (D) the District deposits amounts received from the disposition in a commingled fund with substantial tax or other governmental revenues and the District reasonably expects to spend the amounts on governmental programs within six months from the date of the commingling.

(b) The District acknowledges that if Bond-financed property is sold or otherwise disposed of in a manner contrary to (a) above, such sale or disposition may

constitute a “deliberate action” within the meaning of the Regulations that may require remedial actions to prevent the Bonds from becoming private activity bonds. The District shall promptly contact Bond Counsel if a sale or other disposition of bond-financed property is considered by the District.

7.4. *Purchase of Bonds by District.* The District will not purchase any of the Bonds except to cancel such Bonds.

7.5. *First Call Date Limitation.* The period between the date of Closing and the first call date of the Bonds is not more than 10-1/2 years.

7.6. *Registered Form.* The District recognizes that Section 149(a) of the Code requires the Bonds to be issued and to remain in fully registered form in order that interest thereon be exempt from federal income taxation under laws in force at the time the Bonds are delivered. In this connection, the District agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

7.7. *First Amendment.* The District acknowledges and agrees that it will not use, or allow the Project to be used, in a manner which is prohibited by the Establishment of Religion Clause of the First Amendment to the Constitution of the United States of America or by any comparable provisions of the Constitution of the State of Illinois.

7.8. *Future Events.* The District acknowledges that any changes in facts or expectations from those set forth herein may result in different Yield restrictions or rebate requirements from those set forth herein. The District shall promptly contact Bond Counsel if such changes do occur.

7.9. *Permitted Changes; Opinion of Bond Counsel.* The Yield restrictions contained in paragraph 5.2 hereof or any other restriction or covenant contained herein need not be observed or may be changed if such nonobservance or change will not result in the loss of any exemption for the purpose of federal income taxation to which interest on the Bonds is otherwise entitled and the District receives an opinion of Bond Counsel to such effect.

7.10. *Successors and Assigns.* The terms, provisions, covenants and conditions of this Section shall bind and inure to the benefit of the respective successors and assigns of the Board and the District.

7.11. *Expectations.* The Board has reviewed the facts, estimates and circumstances in existence on the date of issuance of the Bonds. Such facts, estimates and circumstances, together with the expectations of the District as to future events, are set forth in summary form in this Section. Such facts and estimates are true and are not incomplete in any material respect. On the basis of the facts and estimates contained herein, the District has adopted the expectations contained herein. On the basis of such facts, estimates, circumstances and expectations, it is not expected that Sale Proceeds, investment earnings thereon or any other moneys or property will be used in a manner

that will cause the Bonds to be arbitrage bonds within the meaning of the Rebate Provisions and the Regulations. Such expectations are reasonable and there are no other facts, estimates and circumstances that would materially change such expectations.

The District also agrees and covenants with the purchasers and holders of the Bonds from time to time outstanding that, to the extent possible under Illinois law, it will comply with whatever federal tax law is adopted in the future which applies to the Bonds and affects the tax-exempt status of the Bonds.

The Board hereby authorizes the officials of the District responsible for issuing the Bonds, the same being the President and Secretary of the Board and the School Treasurer who receives the taxes of the District, to make such further covenants and certifications as may be necessary to assure that the use thereof will not cause the Bonds to be arbitrage bonds and to assure that the interest on the Bonds will be exempt from federal income taxation. In connection therewith, the District and the Board further agree: (a) through their officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to consult with counsel approving the Bonds and to comply with such advice as may be given; (c) to pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Bonds; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by their officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the District in such compliance.

Section 15. List of Bondholders. The Bond Registrar shall maintain a list of the names and addresses of the holders of all Bonds and upon any transfer shall add the name and address of the new Bondholder and eliminate the name and address of the transferor Bondholder.

Section 16. Duties of Bond Registrar. If requested by the Bond Registrar, the President and Secretary of the Board are authorized to execute the Bond Registrar's standard form of

agreement between the District and the Bond Registrar with respect to the obligations and duties of the Bond Registrar hereunder which may include the following:

- (a) to act as bond registrar, authenticating agent, paying agent and transfer agent as provided herein;
- (b) to maintain a list of Bondholders as set forth herein and to furnish such list to the District upon request, but otherwise to keep such list confidential;
- (c) to give notice of redemption of Bonds as provided herein;
- (d) to cancel and/or destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer;
- (e) to furnish the District at least annually a certificate with respect to Bonds cancelled and/or destroyed; and
- (f) to furnish the District at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds.

Section 17. Municipal Bond Insurance. In the event the payment of principal and interest on the Bonds is insured pursuant to a municipal bond insurance policy (the "*Municipal Bond Insurance Policy*") issued by a bond insurer (the "*Bond Insurer*"), and as long as such Municipal Bond Insurance Policy shall be in full force and effect, the District and the Bond Registrar agree to comply with such usual and reasonable provisions regarding presentment and payment of the Bonds, subrogation of the rights of the Bondholders to the Bond Insurer upon payment of the Bonds by the Bond Insurer, amendment hereof, or other terms, as approved by the Board on advice of counsel, their approval to constitute full and complete acceptance by the District of such terms and provisions under authority of this Section.


Section 18. Provisions a Contract. The provisions of this resolution shall constitute a contract between the District and the owners of the outstanding Bonds. All covenants relating to the Bonds and the conditions and obligations imposed by Section 15 of the Act are enforceable

by any holder of the Bonds affected, any taxpayer of the District and the People of the State of Illinois acting through the Attorney General or any designee.

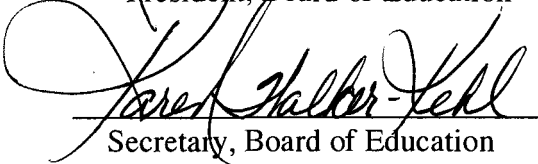
Section 19. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 20. Repeal. All resolutions or parts thereof in conflict herewith be and the same are hereby repealed and this resolution shall be in full force and effect forthwith upon its adoption.

Adopted June 28, 2005.



Anthony Manno
President, Board of Education



Karen Walker-Kell
Secretary, Board of Education

Member Walker-Kehl moved and Member Waitekus seconded the motion that said resolution as presented and read be adopted.

After a full discussion thereof, the President directed that the roll be called for a vote upon the motion to adopt said resolution as read.

Upon the roll being called, the following members voted

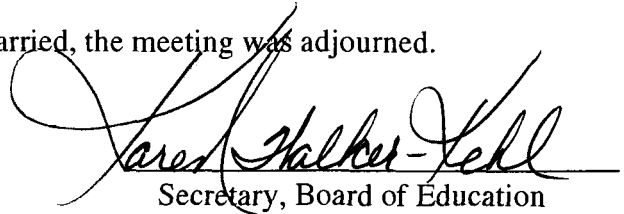
AYE: Manno, Waitekus, Walker-Kehl,
Maricich, Pavich, Schneider, Owen

NAY: Ø

Whereupon the President declared the motion carried and said resolution adopted, approved and signed the same in open meeting and directed the Secretary to record the same in the records of the Board of Education of Township High School District Number 215, Cook County, Illinois, which was done.

Other business not pertinent to the adoption of said resolution was duly transacted at the meeting.

Upon motion duly made, seconded and carried, the meeting was adjourned.


Secretary, Board of Education

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

CERTIFICATION OF MINUTES

I, the undersigned, do hereby certify that I am the duly qualified and acting Secretary of the Board of Education of Township High School District Number 215, Cook County, Illinois (the "Board"), and as such official I am the keeper of the records and files of the Board.

I do further certify that the foregoing constitutes a full, true and complete transcript of the minutes of the meeting of the Board held on the 28th day of June, 2005, insofar as same relates to the adoption of a resolution entitled:

RESOLUTION providing for the issue of \$6,000,000 General Obligation Bonds (Alternate Revenue Source), Series 2005, of Township High School District Number 215, Cook County, Illinois.

a true, correct and complete copy of which said resolution as adopted at said meeting appears in the foregoing transcript of the minutes of said meeting.

I do further certify that the deliberations of the Board on the adoption of said resolution were conducted openly, that the vote on the adoption of said resolution was taken openly, that said meeting was called and held at a specified time and place convenient to the public, that notice of said meeting was duly given to all of the news media requesting such notice, that an agenda for said meeting was posted at the location where said meeting was held and at the principal corporate trust office of the Board at least 96 hours in advance of the holding of said meeting, that a true, correct and complete copy of said agenda as so posted is attached hereto as *Exhibit A*, that said meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended, and with the provisions of the School Code of the State of Illinois, as amended, and that the Board has complied with all of the provisions of said Act and said Code and with all of the procedural rules of the Board.

IN WITNESS WHEREOF, I hereunto affix my official signature, this 28th day of June, 2005.


Secretary, Board of Education

DISTRICT 215 BOARD OF EDUCATION

June 28, 2005 - 7:00 p.m.

I. Call to Order - Pledge to Flag

II. Roll Call

III. Communications

A. Board

1. Correspondence

2. Information Sharing

a. Excellence Counts: Detective Brian Kleszynski

b. Calumet City Police Chief O'Mara & Officer Steve Hintz

c. Lansing Police Chief McDevitt & Det. Nikola Pritza

d. Construction Update:

Henry Brothers Construction Manager and Gillfilan Architects

B. Community Public Comments

C. Staff Updates

1. Principal Update

2. District Updates

a. 2005-06 Goal Setting

b. Student Services Report

c. Summer Curriculum Report

d. Mentoring Program Update

Building & Grounds
Committee of the Whole
6:00 p.m. - Tour of New Addition

V. Future Meetings

A. Regular Mtg. - July 25, 2005 - 7:00 p.m. at Center for Academics & Technology

VI. Approval of Minutes

A. Regular Meeting: 5/31/05

VII. Old Business

A. Resolution providing for the issue of General Obligation School bonds (Alternate Revenue Source) Series 2005, of Township High School District Number 215, Cook County, Illinois

Enclosed

VIII. New Business

A. Prevailing Wage Act Resolution

B. Biannual Review of Closed Session Minutes

C. 2005 Fall IASB Conference

D. Appoint Ethics Commission

E. TAMES Special Education Billing

F. Ten Year Life Safety Survey - Gilfillan Architects

G. Policy 5133 - Defibrillators - 1st Reading

H. SSC Building Use Contract

Exhibit 1

Enclosed

Exhibit 2

Exhibit 3

Exhibit 4

Exhibit 5

Exhibit 6

IX. Closed Session:

A. Individual Student Discipline and Placements

B. Personnel: Employment, Compensation, Discipline, Performance, or Dismissal of Specific Employees and Pending Litigation.

- X. Superintendent's Report
 - A. Financial Reports
 - B. Personnel Report
 - C. Student Expulsions: # 750590, #781593

Exhibit 7
Exhibit 8

- XI. Other Matters
 - A. Monthly Suspension and Enrollment Reports
 - B. Audit Report / Audit Engagement Letter
 - C. HSDO Documents
 - D. Cooperative Budget
 - E. Canna Letter of Retirement
 - F. Summer Vacation Calendar

- XII. Adjourn

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

FILING CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of the County of Cook, Illinois, and as such official I do further certify that on the 13th day of July, 2005, there was filed in my office a duly certified copy of a resolution entitled:

RESOLUTION providing for the issue of \$6,000,000 General Obligation Bonds (Alternate Revenue Source), Series 2005, of Township High School District Number 215, Cook County, Illinois.

duly adopted by the Board of Education of Township High School District Number 215, Cook County, Illinois, on the 28th day of June, 2005, and that the same has been deposited in the official files and records of my office.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of said County, this 13th day of July, 2005.

David D. Orr
County Clerk of the County of Cook, Illinois

[SEAL]

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

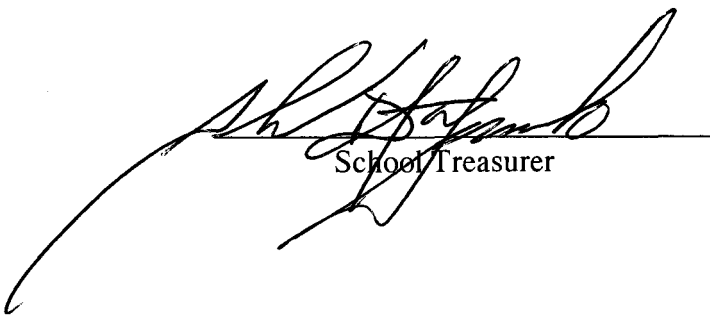
FILING CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting School Treasurer who received the taxes of Township High School District Number 215, Cook County, Illinois, and as such official I do further certify that on the 12th day of July, 2005, there was filed in my office a duly certified copy of a resolution entitled:

RESOLUTION providing for the issue of \$6,000,000 General Obligation Bonds (Alternate Revenue Source), Series 2005, of Township High School District Number 215, Cook County, Illinois.

duly adopted by the Board of Education of said School District on the 12th day of July, 2005, and that the same has been deposited in the official files and records of my office.

IN WITNESS WHEREOF, I hereunto affix my official signature, this 28th day of June, 2005.



School Treasurer

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

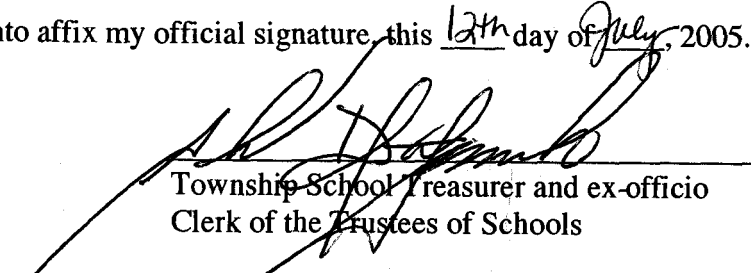
TREASURER'S SURETY BOND CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting School Treasurer of Township No. 36, Range No. 15, Cook County, Illinois, and as such official I do further certify that I am ex-officio Clerk of the Trustees of Schools of said Township and Range (the "Trustees") and am also the Township School Treasurer who receives the taxes of Township High School District Number 215, Cook County, Illinois (the "District"), all or the greater part of which District is located within said Township and Range.

I do further certify that I have executed a surety bond in accordance with all of the provisions of Section 19-6 of the School Code of the State of Illinois, as amended, said surety bond being payable to the Trustees and conditioned upon the faithful discharge of my duties with respect to the disbursement of the proceeds of the sale of the \$6,000,000 General Obligation Bonds (Alternate Revenue Source), Series 2005, dated July 1, 2005, proposed to be issued by the District.

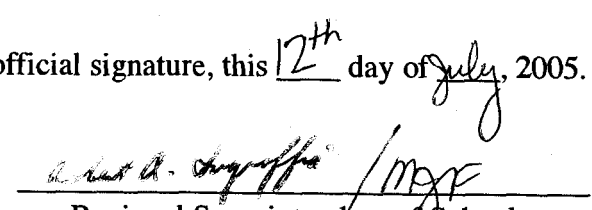
I do further certify that said surety bond in the amount of \$1,500,000 and with Liberty Mutual as surety thereon was duly submitted to the Trustees for approval or rejection at a legally convened meeting held on the 28th day of JUNE, 2005, and pursuant to motion duly made, seconded and adopted was approved by the Trustees.

IN WITNESS WHEREOF, I hereunto affix my official signature, this 12th day of July, 2005.


Township School Treasurer and ex-officio
Clerk of the Trustees of Schools

I, the undersigned, do hereby certify that I am the duly qualified and acting Regional Superintendent of Schools for the Regional Office of Education serving the Educational Service Region consisting of that portion of Cook County, Illinois, outside a city of 500,000 or more population, and as such official I do further certify that as of the date hereof said surety bond has been filed in my office and has been approved by me and deposited in the official files and records of my office.

IN WITNESS WHEREOF, I hereunto affix my official signature, this 12th day of July, 2005.


Regional Superintendent of Schools

SCHOOL TREASURER'S BOND COVERING SPECIAL BOND ISSUE

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

KNOW ALL MEN BY THESE PRESENTS, That we, Thomas Stefaniak
of 606 Burnham Avenue, Calumet City, Illinois, as Principal, and
Liberty Mutual Insurance Company as Surety, are held and firmly bound
jointly and severally unto Thornton Fractional High School District

215

in the penal sum of One Million Five Hundred Thousand Dollars and 00/100 (\$1,500,000.00)
true and lawful money of the United States of America, for the payment
of such sum, well and truly to be made, we bind ourselves, our heirs,
executors, administrators, and assigns, firmly by these presents.

Signed with our hands and sealed with our seals this 30th day of
June, 2005.

Whereas on the 28th day of June, 2005 at a special
election there was authorized to be issued by the Thornton Fractional High
School District 215

a special bond issue for Construction bond issue.

Whereas, Thomas Stefaniak, School Treasurer,
is required to give bond for the faithful accounting of the proceeds of
said Special Bond Issue:

NOW, THEREFORE, THE CONDITION OF THE ABOVE OBLIGATION IS SUCH that
if the above bounden Thomas Stefaniak, School Treasurer,
shall perform all the duties which will or may be required of him by
law to be performed by him as School Treasurer of the Special Bond
Issue, in the time and manner prescribed or to be prescribed by law,
and account for the moneys coming into said Special Fund, then the
above obligation to be void; otherwise to remain in full force and
effect. It is further understood and agreed that upon satisfactory
evidence from the aforementioned obligee that the funds of this Special
Bond Issue have been disbursed in their entirety, the liability of the
Principal and Surety shall cease.

Thomas Stefaniak

By [Signature]
Principal

Liberty Mutual Insurance Company

By [Signature]
Sharon L. Sinopla, Attorney-in-Fact

**NOTICE FROM SURETY REQUIRED BY
TERRORISM RISK INSURANCE ACT OF 2002**

In accordance with the Terrorism Risk Insurance Act of 2002 (referred to hereinafter as the "Act"), this disclosure notice is provided for surety bonds on which one or more of the following companies is the issuing surety: Liberty Mutual Insurance Company; Liberty Mutual Fire Insurance Company; LM Insurance Corporation; The First Liberty Insurance Corporation; Liberty Insurance Corporation; Employers Insurance Company of Wausau (formerly "EMPLOYERS INSURANCE OF WAUSAU A Mutual Company"); Peerless Insurance Company; and any other company that is a part of or added to the Liberty Mutual Group for which surety business is underwritten by Liberty Mutual Surety (referred to collectively hereinafter as the "Issuing Sureties").

NOTICE FORMS PART OF BOND

This notice forms part of surety bonds issued by any one or more of the Issuing Sureties.

DISCLOSURE OF PREMIUM

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

**DISCLOSURE OF FEDERAL PARTICIPATION
IN PAYMENT OF TERRORISM LOSSES**

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

LIBERTY MUTUAL INSURANCE COMPANY
BOSTON, MASSACHUSETTS
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Liberty Mutual Insurance Company (the "Company"), a Massachusetts stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint

HAROLD MILLER, JR., SHARON L. SINOPLE, ALL OF THE CITY OF ITASCA, STATE OF ILLINOIS.....

, each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding FORTY MILLION AND 00/100***** DOLLARS (\$ 40,000,000.00*****) each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE XIII - Execution of Contracts: Section 5. Surety Bonds and Undertakings.

Any officer of the Company authorized for that purpose in writing by the chairman or the president, and subject to such limitations as the chairman or the president may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Company by their signature and execution of any such instruments and to attach thereto the seal of the Company. When so executed such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article XIII, Section 5 of the By-Laws, Garnet W. Elliott, Assistant Secretary of Liberty Mutual Insurance Company, is hereby authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Liberty Mutual Insurance Company has been affixed thereto in Plymouth Meeting, Pennsylvania this 28th day of January, 2005.

LIBERTY MUTUAL INSURANCE COMPANY

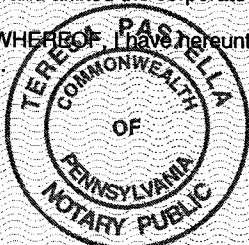


By Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 28th day of January, 2005, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Liberty Mutual Insurance Company; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Liberty Mutual Insurance Company thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 28, 2005
Member, Pennsylvania Association of Notaries

By Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Liberty Mutual Insurance Company, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article XIII, Section 5 of the By-laws of Liberty Mutual Insurance Company.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Liberty Mutual Insurance Company at a meeting duly called and held on the 12th day of March, 1980.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 30th day of June, 2005



By David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

ACKNOWLEDGMENT BY SURETY

STATE OF Illinois

County of Boone }

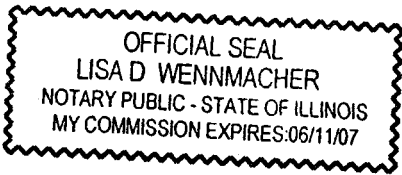
ss.

On this 30th day of June, 2005, before me personally appeared Sharon L. Sinople, known to, me to be the Attorney-in-Fact of Liberty Mutual Insurance Company

_____, the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, at my office in the aforesaid County, the day and year in this certificate first above written.

(Seal)



Lisa D. Wennmacher
Notary Public in the State of Illinois
County of Boone



OFFICE OF THE SECRETARY OF STATE

JESSE WHITE • Secretary of State

July 19, 2005

CHAPMAN AND CUTLER
111 West Monroe Street
Chicago, Illinois 60603-4080

Attn: Shelly A. Scinto

Dear Ms. Scinto:

Receipt is acknowledged of the Facsimile Signature Certificates of the following "Authorized Officials" of the **Township High School District Number 215**, Cook County, Illinois.

Kathleen Manno, President, Board of Education
Karen Walker-Kehl, Secretary, Board of Education
Thomas P. Stefaniak, School Treasurer

The said Facsimile Signature Certificates have been placed on file in this office, dated July 19, 2005, under the Uniform Facsimile Signature of Public Officials Act, 30 ILCS 320/2.

Pursuant to your request, enclosed are filed-stamped copies of the Facsimile Signature Certificates.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lissa Richno".

Lissa Richno
Public Records
Index Department

enclosures

JUL 19 2005

IN THE OFFICE OF
SECRETARY OF STATE

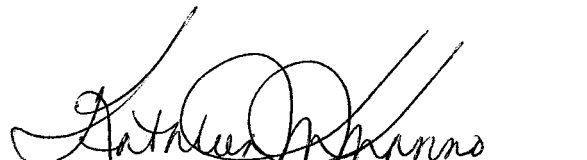
STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

SIGNATURE CERTIFICATE

I, the undersigned, do hereby certify under oath that I am the duly qualified and acting President of the Board of Education of Township High School District Number 215, Cook County, Illinois, and as such official I do further certify under oath as follows:

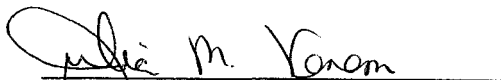
1. That I am an Authorized Official within the meaning of the provisions of Section 1(c) of the Uniform Facsimile Signature of Public Officials Act, as amended.
2. That my signature is required or permitted on a public security or instrument of payment as defined in said Act.
3. That I am filing my signature with the Secretary of State of the State of Illinois, certified under oath, so as to permit the use of a facsimile thereof upon a public security or instrument of payment requiring or permitting my signature as provided in said Act.

Therefore, I, Kathleen Manno, do hereby certify under oath, that the following is my manual signature:



President, Board of Education

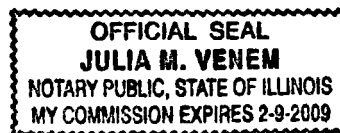
Subscribed and sworn to before me
this 28 day of June, 2005.



Illinois Notary Public

My commission expires: 2-9-2009

(NOTARY SEAL)



FILED
INDEX DEPARTMENT

JUL 19 2005

IN THE OFFICE OF
SECRETARY OF STATE

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

SIGNATURE CERTIFICATE

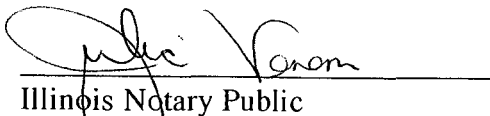
I, the undersigned, do hereby certify under oath that I am the duly qualified and acting Secretary of the Board of Education of Township High School District Number 215, Cook County, Illinois, and as such official I do further certify under oath as follows:

1. That I am an Authorized Official within the meaning of the provisions of Section 1(c) of the Uniform Facsimile Signature of Public Officials Act, as amended.
2. That my signature is required or permitted on a public security or instrument of payment as defined in said Act.
3. That I am filing my signature with the Secretary of State of the State of Illinois, certified under oath, so as to permit the use of a facsimile thereof upon a public security or instrument of payment requiring or permitting my signature as provided in said Act.

Therefore, I, Karen Walker-Kehl, do hereby certify under oath, that the following is my manual signature:


Secretary, Board of Education

Subscribed and sworn to before me
this 28 day of June, 2005.


Illinois Notary Public

My commission expires: 2-9-2009

(NOTARY SEAL)



FILED
INDEX DEPARTMENT

JUL 19 2005

IN THE OFFICE OF
SECRETARY OF STATE

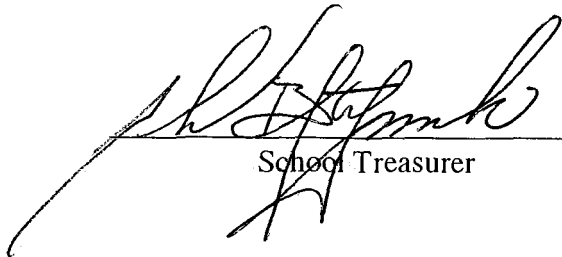
STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

SIGNATURE CERTIFICATE

I, the undersigned, do hereby certify under oath that I am the duly qualified and acting School Treasurer of Township High School District Number 215, Cook County, Illinois, and as such official I do further certify under oath as follows:

1. That I am an Authorized Official within the meaning of the provisions of Section 1(c) of the Uniform Facsimile Signature of Public Officials Act, as amended.
2. That my signature is required or permitted on a public security or instrument of payment as defined in said Act.
3. That I am filing my signature with the Secretary of State of the State of Illinois, certified under oath, so as to permit the use of a facsimile thereof upon a public security or instrument of payment requiring or permitting my signature as provided in said Act.

Therefore, I, Thomas P. Stefaniak, do hereby certify under oath, that the following is my manual signature:



School Treasurer

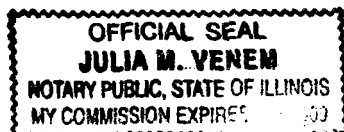
Subscribed and sworn to before me
this 28 day of June, 2005.



Illinois Notary Public

My commission expires: 2-9-2009

(NOTARY SEAL)



STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

NO PETITION CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting Regional Superintendent of Schools for the Regional Office of Education serving the Educational Service Region consisting of that portion of Cook County, Illinois, outside a city of 500,000 or more population, and as such official I do further certify that the records of my office do evidence that Township High School District Number 215, Cook County, Illinois, or any part thereof, is not involved in any manner whatsoever in any proceedings to organize a new School District, a Community Consolidated School District, a Community Unit School District or a Combined School District pursuant to the provisions of Articles 7A, 11A, 11B or 11D of the School Code of the State of Illinois, as amended, or of any other provision of said Code.

IN WITNESS WHEREOF, I hereunto affix my official signature, this 12th day of July, 2005.



Regional Superintendent of Schools

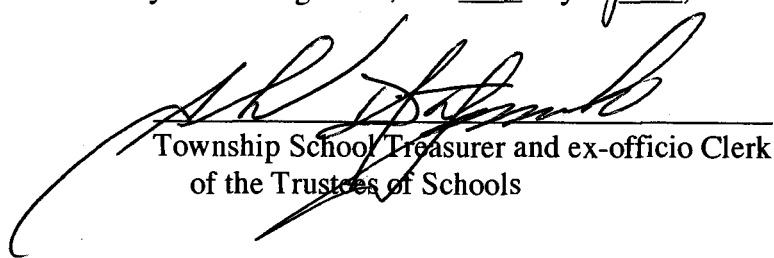
STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

NO PETITION CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting School Treasurer of Township No. 36, Range No. 15, Cook County, Illinois, and as such official I do further certify that I am ex-officio Clerk of the Trustees of Schools of said Township and Range and am also the Township School Treasurer who receives the taxes of Township High School District Number 215, Cook County, Illinois (the "District"), all or the greater part of which District is located within said Township and Range.

I do further certify that as such official I do further certify that the records of my office do evidence that there has not been filed in my office nor is there now pending any petition or petitions affecting in any manner whatsoever the present boundaries of the District as the District is now constituted.

IN WITNESS WHEREOF, I hereunto affix my official signature, this 28 day of June 2005.



Township School Treasurer and ex-officio Clerk
of the Trustees of Schools

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

**INCUMBENCY, NON-LITIGATION, NON-CERTIFICATION, NON-ARBITRAGE,
COMFORT AND SIGNATURE IDENTIFICATION CERTIFICATE**

We, the undersigned, being authorized and directed to sign the bonds hereinafter described, do hereby certify that we are now and were at the time of signing said bonds the duly qualified and acting officials of Township High School District Number 215, Cook County, Illinois (the "*District*"), as indicated by the titles appended to our respective signatures, and that as such officials we have executed \$6,000,000 General Obligation Bonds (Alternate Revenue Source), Series 2005, of the District (the "*Bonds*"), dated July 1, 2005, fully registered and without coupons, due on December 1 of the years and in the amounts and bearing interest as follows:

YEAR OF MATURITY	PRINCIPAL AMOUNT	RATE OF INTEREST
2006	\$100,000	4.000%
2007	210,000	4.000%
2008	220,000	4.125%
2009	225,000	4.125%
2010	235,000	4.125%
2011	245,000	4.500%
2012	255,000	4.500%
2013	270,000	4.500%
2014	280,000	4.500%
2015	295,000	4.000%
2016	305,000	4.000%
2017	320,000	4.000%
2018	330,000	4.000%
2019	345,000	4.000%
2020	355,000	4.000%
2021	370,000	4.100%
2022	385,000	4.125%
2023	400,000	4.125%
2025	855,000	4.300%

the Bonds due on December 1, 2025, being subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1, 2024, in the principal amount of \$420,000, and the Bonds due on or after December 1, 2015, being subject to redemption, prior to maturity at the option of the District as a whole or in part in any order of their maturity as determined by the District (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on December 1, 2014, or on any date thereafter, at the redemption price of par

plus accrued interest to the redemption date, by signing the Bonds in the manner and capacity indicated by our respective signatures and titles appended hereto.

We do further certify that there is no litigation or controversy pending or threatened questioning or affecting in any manner whatsoever the corporate existence of the District, the boundaries thereof, the right of the District to levy taxes for school purposes, the title of any of its present officials to their respective offices, the proceedings incident to the issue or sale of the Bonds or the issue, sale or validity of the Bonds, that none of the proceedings providing for the issue or sale of the Bonds have been revoked or rescinded, that the District, or any part thereof, is not involved in any manner whatsoever in any proceedings to organize a new School District, a Community Consolidated School District, a Community Unit School District or a Combined School District pursuant to the provisions of Articles 7A, 11A, 11B or 11D of the School Code of the State of Illinois, as amended (the "*Code*"), or of any other provision of the Code, and that there has not been filed nor is there now pending any petition or petitions affecting in any manner whatsoever the present boundaries of the District as the District is now constituted.

We do further certify that (i) the District has not been certified to be in financial difficulty by the State Board of Education of the State of Illinois (the "*State Board*") pursuant to Section 1A-8 of the Code, (ii) the State Board has not approved or established a Financial Oversight Panel for the District pursuant to Article 1B of the Code, and (iii) the State Board has not allowed, approved or granted a petition for or created or established a School Finance Authority for the District pursuant to either Article 1E or Article 1F of the Code.

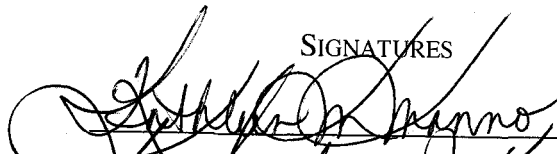
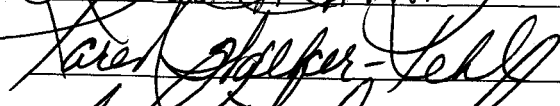
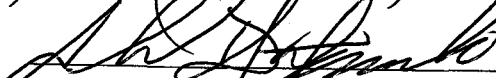
We do further certify that all of the certifications, conclusions, expectations, representations and statements made and set forth by the Board of Education of the District in Section 14 of the resolution adopted on the 28th day of June, 2005, authorizing the Bonds (the "*Resolution*") are still reasonable and true; that the foregoing certification is based in part upon the amounts set forth in said section of the Resolution having actually been received and paid into the various funds and accounts of the District as set forth in said section; that the undersigned have reviewed the facts, estimates and circumstances in existence on the date hereof and such facts, estimates and circumstances, together with the expectations of the District as to future events, are set forth in summary form in said section; that said facts and estimates are true and are not incomplete in any material respect; and that such expectations are reasonable and there are no other facts, estimates or circumstances that would materially change such expectations.

We do further certify that to the best of our knowledge and belief all Official Statements, Notices of Sale and other documents, information or materials, together with any supplements thereto, distributed and all representations made by the District and by its officials in any manner whatsoever in connection with the sale of the Bonds were at all times and are now true and correct in all material respects and did not at any time and do not now contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; that the District has duly performed all of its obligations under the Resolution to be performed on or prior to the date hereof; and that all representations and warranties of the District contained in all contracts entered into by the District providing for the sale of the Bonds are true and correct on

and as of the date hereof as if made at the date hereof and the District has complied with all of the agreements and satisfied all the conditions on its part to be performed or satisfied prior to the date hereof.

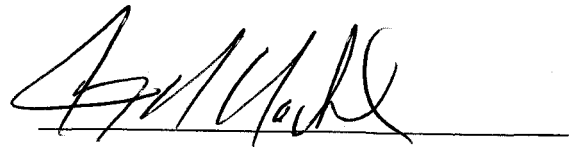
We do further certify that the District is in compliance with each and every undertaking previously entered into by it pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

IN WITNESS WHEREOF, we hereunto affix our official signatures, this 14th day of July, 2005.

SIGNATURES	OFFICIAL TITLES
	President, Board of Education
	Secretary, Board of Education
	School Treasurer

I do hereby certify that I am a Sr. Vice President of Griffin, Kubik, Stephens & Thompson, Inc., Chicago, Illinois, and that I am personally acquainted with the officials whose signatures appear above and that I know that they are now and were at the time of signing the Bonds the duly qualified and acting officials of the District, as indicated by the titles appended to their respective signatures, and I do hereby identify said signatures, together with those on the Bonds, as being in all respects true and genuine.

DATED as of the date shown hereinabove.



TREASURER'S RECEIPT

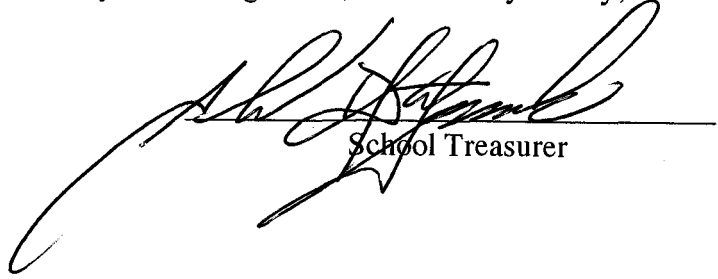
I, the undersigned, do hereby certify that I am the duly qualified and acting School Treasurer who receives the taxes of Township High School District Number 215, Cook County, Illinois (the "*District*"), and as such official I do further certify that \$6,000,000 General Obligation Bonds (Alternate Revenue Source), Series 2005, of the District (the "*Bonds*"), dated July 1, 2005, fully registered and without coupons, have been delivered to the purchaser thereof, namely, Griffin, Kubik, Stephens & Thompson, Inc., Chicago, Illinois, and that the Bonds have been paid for in full by said purchaser in accordance with the terms of sale and at a price of not less than \$6,046,207.80, plus accrued interest to date of delivery, and that the Bonds have been sold at such price and bear interest at such rates that neither the true interest cost (yield) nor the net interest rate received by the District upon such sale exceed 4.50%.

I do further certify that the officials whose signatures appear upon the Bonds were in occupancy and possession of their respective offices at the time of signing and delivery of the Bonds.

I do further certify that simultaneously with and as a part of the same transaction as the delivery and issue of the Bonds, I applied the proceeds of sale of the Bonds as follows:

(a)	In the Site and Construction/Capital Improvements Fund of the District.....	\$	6,000,000.00
(b)	To paying the expenses of issuing the Bonds.....	\$	46,207.80
(c)	In the School Bond and Interest Fund of 2005 of the District.....	\$	9,028.36

IN WITNESS WHEREOF, I hereunto affix my official signature, this 14th day of July, 2005.



School Treasurer

STATE OF ILLINOIS)
) SS
 COUNTY OF COOK)

CERTIFICATE OF BOND REGISTRAR

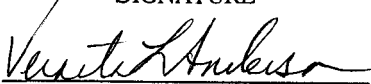
We, the undersigned, do hereby certify that we are officers of LaSalle Bank National Association, Chicago, Illinois (the "*Bond Registrar*"), and as such officers we do further certify as follows:

1. That the Bond Registrar has been appointed bond registrar for \$6,000,000 General Obligation Bonds (Alternate Revenue Source), Series 2005, dated July 1, 2005 (the "*Bonds*"), of Township High School District Number 215, Cook County, Illinois (the "*District*"), pursuant to a resolution adopted by the Board of Education of the District on the 28th day of June, 2005 (the "*Bond Resolution*").

2. That the Bond Registrar has heretofore and does hereby accept the duties as bond registrar so imposed by the Bond Resolution.

3. That pursuant to proper authorization and direction from the District dated as of the date hereof, the Bond Registrar has authenticated and delivered Bonds in the amount of \$6,000,000 to the purchaser thereof, namely, Griffin, Kubik, Stephens & Thompson, Inc., Chicago, Illinois.

4. That each of the persons named below is an authorized agent of the Bond Registrar; one or more of such persons, in accordance with the provisions of the Bond Resolution, are duly authorized and empowered to authenticate and did authenticate on the date hereof the Bonds issued under the Bond Resolution; and the signature appearing after the name of each such person as follows is a true and correct specimen of each such person's genuine signature:

NAME	OFFICE	SIGNATURE
VERNITA L. ANDERSON	Authorized Signer	
_____	_____	_____
_____	_____	_____
_____	_____	_____

5. That the Bond Registrar has full power and authority under the applicable laws of the United States of America and the State of Illinois to act as bond registrar for the Bonds in the manner contemplated by the Bond Resolution; it has taken all necessary corporate action by its properly authorized officers, employees or agents to accept said offices and duties; and the undersigned are duly qualified and acting officers of the Bond Registrar as indicated by the titles

set under their names and are authorized by the Bond Registrar to execute and attest this Certificate.

6. That the Bond Registrar acknowledges receipt of a certified copy of the Bond Resolution.

IN WITNESS WHEREOF, we hereunto affix our signatures and the seal of the Bond Registrar, this 14th day of July, 2005.

LASALLE BANK NATIONAL ASSOCIATION
Chicago, Illinois

By *Anita C. Gilbride*
Its Assistant Vice President

Attest:


Its Assistant Secretary

(SEAL OF BOND REGISTRAR)

Information Return for Tax-Exempt Governmental Obligations

Under Internal Revenue Code section 149(e)

See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name Township High School District Number 215		2 Issuer's employer identification number 36 6004406	
3 Number and street (or P.O. box if mail is not delivered to street address) 1601 Wentworth Avenue		Room/suite	4 Report number 3 01
5 City, town, or post office, state, and ZIP code Calumet City, Illinois 60409		6 Date of issue July 14, 2005	
7 Name of issue General Obligation Bonds (Alternate Revenue Source), Series 2005		8 CUSIP number 215651 FX3	
9 Name and title of officer or legal representative whom the IRS may call for more information Joseph B. Daley, Director of Business Services		10 Telephone number of officer or legal representative (708) 585-2303	

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule	
11 <input checked="" type="checkbox"/> Education	11 6,121,207.80
12 <input type="checkbox"/> Health and hospital	12
13 <input type="checkbox"/> Transportation	13
14 <input type="checkbox"/> Public safety	14
15 <input type="checkbox"/> Environment (including sewage bonds)	15
16 <input type="checkbox"/> Housing	16
17 <input type="checkbox"/> Utilities	17
18 <input type="checkbox"/> Other. Describe <input type="checkbox"/> _____	18
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>	

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.				
(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21 12-01-2025	\$ 6,121,207.80	\$ 6,000,000	12.282 years	3.9761058 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)			
22 Proceeds used for accrued interest		22	9,028.36
23 Issue price of entire issue (enter amount from line 21, column (b))		23	6,121,207.80
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	102,086.44	
25 Proceeds used for credit enhancement	25	19,121.36	
26 Proceeds allocated to reasonably required reserve or replacement fund	26	-0-	
27 Proceeds used to currently refund prior issues	27	-0-	
28 Proceeds used to advance refund prior issues	28	-0-	
29 Total (add lines 24 through 28)	29	121,207.80	
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	6,000,000.00	

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)	
31 Enter the remaining weighted average maturity of the bonds to be currently refunded	_____ years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	_____ years
33 Enter the last date on which the refunded bonds will be called	_____
34 Enter the date(s) the refunded bonds were issued <input type="checkbox"/>	_____

Part VI Miscellaneous	
35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35 -0-
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a -0-
b Enter the final maturity date of the guaranteed investment contract <input type="checkbox"/>	
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a -0-
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer <input type="checkbox"/> and the date of the issue <input type="checkbox"/>	
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box <input checked="" type="checkbox"/>	
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>	
40 If the issuer has identified a hedge, check box <input type="checkbox"/>	

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here

Signature of issuer's authorized representative

July 14, 2005
 Date

Thomas Stefaniak
 Type or print name and title



**CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (b)(5) OF RULE 15c2-12**

This Continuing Disclosure Undertaking (this "*Agreement*") is executed and delivered by Township High School District Number 215, Cook County, Illinois (the "*District*"), in connection with the issuance of \$6,000,000 General Obligation Bonds (Alternate Revenue Source), Series 2005 (the "*Bonds*"). The Bonds are being issued pursuant to a resolution adopted by the Board of Education of the District on the 28th day of June, 2005 (the "*Resolution*").

In consideration of the issuance of the Bonds by the District and the purchase of such Bonds by the beneficial owners thereof, the District covenants and agrees as follows:

1. **PURPOSE OF THIS AGREEMENT.** This Agreement is executed and delivered by the District as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The District represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. **DEFINITIONS.** The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Annual Financial Information means financial information and operating data of the type contained in the Official Statement under the following captions:

DEBT STRUCTURE

Summary of Outstanding Debt

Debt Repayment Schedule - principal only

DISTRICT TAX BASE INFORMATION

District Equalized Assessed Valuation

Composition of Equalized Assessed Valuation

Tax Extensions and Collections

Tax Rate Trend per \$100 of Equalized Assessed Valuation

FINANCIAL INFORMATION

General Fund

Working Cash Fund

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of the District prepared pursuant to the standards and as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the District and which has filed with the District a written acceptance of such designation, and such agent's successors and assigns.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Material Event means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II* that is material, as materiality is interpreted under the Exchange Act.

Material Events Disclosure means dissemination of a notice of a Material Event as set forth in Section 5.

MSRB means the Municipal Securities Rulemaking Board.

NRMSIRs means, as of any date, all Nationally Recognized Municipal Securities Information Repositories then recognized by the Commission for purposes of the Rule. The names and addresses of the current NRMSIRs are presently set forth on the following website: www.sec.gov/info/municipal/nrmsir.htm. The names and addresses of all current NRMSIRs should be verified each time information is delivered to the NRMSIRs pursuant to this Agreement.

Official Statement means the Final Official Statement, dated June 28, 2005, and relating to the Bonds.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

SID means the public or private repository designated by the State as the state information depository and recognized as such by the Commission for purposes of the Rule. As of the date of this Agreement there is no SID.

State means the State of Illinois.

Undertaking means the obligations of the District pursuant to Sections 4 and 5.

3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds are set forth in *Exhibit III*. The District will include the CUSIP Numbers in all disclosure materials described in Sections 4 and 5 of this Agreement.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 9 of this Agreement, the District hereby covenants that it will disseminate its Annual Financial

Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to each NRMSIR and to the SID, if any. The District is required to deliver such information in such manner and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the District will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to each NRMSIR and the SID, if any) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. MATERIAL EVENTS DISCLOSURE. Subject to Section 9 of this Agreement, the District hereby covenants that it will disseminate in a timely manner Material Events Disclosure to each NRMSIR or to the MSRB and to the SID, if any. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Resolution.

6. DUTY TO UPDATE NRMSIRs/SID. The District shall determine, in the manner it deems appropriate, the names and addresses of the then existing NRMSIRs and SID each time it is required to file information with such entities.

7. CONSEQUENCES OF FAILURE OF THE DISTRICT TO PROVIDE INFORMATION. The District shall give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any, of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the District to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the District to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Agreement in the event of any failure of the District to comply with this Agreement shall be an action to compel performance.

8. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the District by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the District, or type of business conducted;

(b) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the District (such as Bond Counsel).

9. **TERMINATION OF UNDERTAKING.** The Undertaking of the District shall be terminated hereunder if the District shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Resolution. The District shall give notice in a timely manner if this Section is applicable to each NRMSIR or to the MSRB and to the SID, if any.

10. **DISSEMINATION AGENT; DISCLOSUREUSA.** (a) The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

(b) So long as such method continues to be approved by the Commission for purposes of the Rule, the District may satisfy its obligations for all purposes of this Agreement to provide information or notice to each NRMSIR and to the SID, if any, by sending such information or notice to DisclosureUSA (at, as of the date of this Agreement, www.DisclosureUSA.org) for submission to each NRMSIR and to the SID, if any.

11. **ADDITIONAL INFORMATION.** Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the District chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the District shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Material Event.

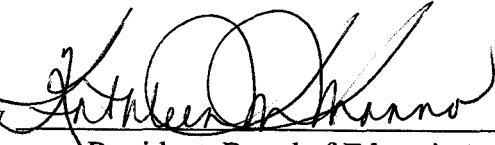
12. **BENEFICIARIES.** This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the District, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

13. **RECORDKEEPING.** The District shall maintain records of all Annual Financial Information Disclosure and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

14. ASSIGNMENT. The District shall not transfer its obligations under the Resolution unless the transferee agrees to assume all obligations of the District under this Agreement or to execute an Undertaking under the Rule.

15. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

TOWNSHIP HIGH SCHOOL DISTRICT
NUMBER 215, COOK COUNTY, ILLINOIS

By 

President, Board of Education

Date: July 14, 2005

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED
FINANCIAL STATEMENTS

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to each NRMSIR and to the SID, if any, or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available from the MSRB; the Final Official Statement need not be available from each NRMSIR, the SID or the Commission. The District shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided to each NRMSIR and to the SID, if any, by 210 days after the last day of the District's fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

Audited Financial Statements will be prepared in accordance with the accounting principles described in Appendix A to the Official Statement. Audited Financial Statements will be provided to each NRMSIR and to the SID, if any, within 30 days after availability to the District.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the District will disseminate a notice of such change as required by Section 4.

EXHIBIT II
EVENTS WITH RESPECT TO THE BONDS
FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions or events affecting the tax-exempt status of the security
7. Modifications to the rights of security holders
8. Bond calls
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities
11. Rating changes

**EXHIBIT III
CUSIP NUMBERS**

YEAR OF MATURITY (DECEMBER 1)	CUSIP NUMBER (215651)
2006	FC9
2007	FD7
2008	FE5
2009	FF2
2010	FG0
2011	FH8
2012	FJ4
2013	FK1
2014	FL9
2015	FM7
2016	FN5
2017	FP0
2018	FQ8
2019	FR6
2020	FS4
2021	FT2
2022	FU9
2023	FV7
2025	FX3

The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

[To be Completed by Issuer]

Township High School District Number 215, Cook County, Illinois

[Name of Issuer]

December 31, 2002

[Date]

[For Municipal Issues:

Underwriting Department—Eligibility; 50th Floor]

[For Corporate Issues:

General Counsel's Office; 49th Floor]

The Depository Trust Company

55 Water Street

New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: *Denise Russo*



The Depository Trust &
Clearing Corporation

Very truly yours,

Township High School District
Number 215, Cook County, Illinois

(Issuer)

By: *D.D. Hanley*

(Authorized Officer's Signature)

Douglas D. Hanley

(Print Name)

1601 Wentworth Avenue

(Street Address)

Calumet City, Illinois 60409

(City) (State) (Country)

(Zip Code)

(708) 585-2303

(Phone Number)

dhand47@aol.com

(E-mail Address)

[2/02]

(To Blanket Issuer Letter of Representations)

**SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity

of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC [nor its nominee], Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Financial Guaranty Insurance Policy

Obligor: THORNTON FRACTIONAL TOWNSHIP HIGH SCHOOL
DISTRICT NUMBER 215
COOK COUNTY, ILLINOIS

Policy Number: 24260BE

Obligations: \$6,000,000 General Obligation Bonds (Alternate Revenue Source), Premium: \$19,121.36
Series 2005, dated July 1, 2005 and consisting of:
(AS FURTHER DESCRIBED ON THE REVERSE HEREOF)

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

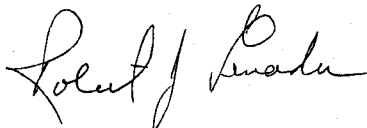
In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

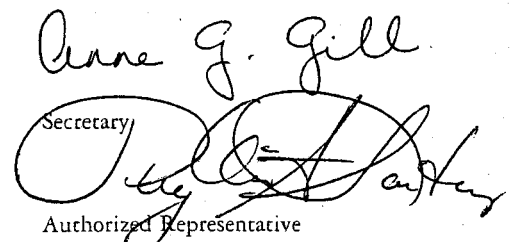
As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

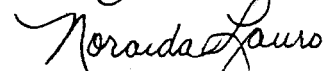


President



Secretary

Authorized Representative



Authorized Officer of Insurance Trustee

Effective Date:

July 14, 2005

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.


Form No.: 2B-0012 (1/01)

Obligations: \$5,145,000 in aggregate principal amount of Serial Bonds, maturing on December 1 in the years 2006 through 2023, both inclusive; **and**

\$855,000 in aggregate principal amount of Term Bonds, maturing on December 1, 2025.

The Paying Agent is LaSalle Bank National Association, Chicago, Illinois.

The undersigned hereby certifies that this document is a true and correct copy of the Financial Guaranty Insurance Policy. Policy No. 24260BE issued by AMBAC ASSURANCE CORPORATION.



Assistant Secretary

Date: July 12, 2005

July 14, 2005

Thornton Fractional Township High School Chapman and Cutler LLP
District Number 215 111 West Monroe Street
Cook County, Illinois Chicago, IL 60603
1601 Wentworth Avenue
Calumet City, IL 60409

Griffin, Kubik, Stephens & Thompson, Inc. LaSalle Bank National Association
233 South Wacker Drive 135 South LaSalle Street
300 Sears Tower Chicago, IL 60603
Chicago, IL 60606

Ambac

Ladies and Gentlemen:

This opinion has been requested of the undersigned, a First Vice President and an Assistant General Counsel of Ambac Assurance Corporation, a Wisconsin stock insurance corporation (“Ambac Assurance”), in connection with the issuance by Ambac Assurance of a certain Financial Guaranty Insurance Policy, effective as of the date hereof (the “Policy”), insuring \$6,000,000 in aggregate principal amount of Thornton Fractional Township High School District Number 215, Cook County, Illinois (the “Obligor”), General Obligation Bonds (Alternate Revenue Source), Series 2005, dated July 1, 2005 (the “Obligations”).

In connection with my opinion herein, I have examined the Policy, such statutes, documents and proceedings as I have considered necessary or appropriate under the circumstances to render the following opinion, including, without limiting the generality of the foregoing, certain statements contained in the Official Statement of the Obligor dated June 28, 2005, relating to the Obligations (the “Official Statement”) under the headings “FINANCIAL GUARANTY INSURANCE” and “APPENDIX D - SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY”.

Based upon the foregoing and having regard to legal considerations I deem relevant, I am of the opinion that:

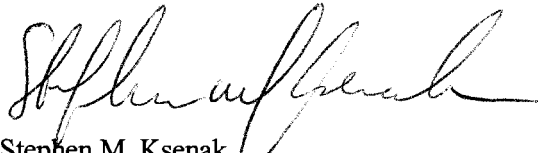
1. Ambac Assurance is a stock insurance corporation duly organized and validly existing under the laws of the State of Wisconsin and duly qualified to conduct an insurance business in the State of Illinois.
2. Ambac Assurance has full corporate power and authority to execute and deliver the Policy and the Policy has been duly authorized, executed and delivered by Ambac Assurance and constitutes a legal, valid and binding obligation of Ambac Assurance enforceable in accordance with its terms except to the extent that the enforceability (but not the validity) of such obligation may be limited by any applicable bankruptcy, insolvency, liquidation, rehabilitation or other similar law or enactment now or hereafter enacted affecting the enforcement of creditors’ rights.
3. The execution and delivery by Ambac Assurance of the Policy will not, and the consummation of the transactions contemplated thereby and the satisfaction of the terms thereof will not, conflict with or result in a breach of any of the terms,

conditions or provisions of the Certificate of Authority, Articles of Incorporation or By-Laws of Ambac Assurance, or any restriction contained in any contract, agreement or instrument to which Ambac Assurance is a party or by which it is bound or constitute a default under any of the foregoing.

4. Proceedings legally required for the issuance of the Policy have been taken by Ambac Assurance and licenses, orders, consents or other authorizations or approvals of any governmental boards or bodies legally required for the enforceability of the Policy have been obtained; any proceedings not taken and any licenses, authorizations or approvals not obtained are not material to the enforceability of the Policy.
5. The statements contained in the Official Statement under the heading "FINANCIAL GUARANTY INSURANCE", insofar as such statements constitute summaries of the matters referred to therein, accurately reflect and fairly present the information purported to be shown and, insofar as such statements describe Ambac Financial Group, Inc. and Ambac Assurance, fairly and accurately describe Ambac Financial Group, Inc. and Ambac Assurance.
6. The form of Policy contained in the Official Statement under the heading "APPENDIX D - SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY" is a true and complete copy of the form of Policy.

The opinions expressed herein are solely for your benefit, and may not be relied upon by any other person.

Very truly yours,



Stephen M. Ksenak
First Vice President and
Assistant General Counsel

Ambac

CERTIFICATE OF BOND INSURER

In connection with the issuance of \$6,000,000 in aggregate principal amount of Thornton Fractional Township High School District Number 215, Cook County, Illinois (the "Obligor"), General Obligation Bonds (Alternate Revenue Source), Series 2005, dated July 1, 2005 (the "Obligations"), Ambac Assurance Corporation ("Ambac") is issuing a financial guaranty insurance policy (the "Insurance Policy") guaranteeing the payment of principal and interest when due on the Obligations, all as more fully set out in the Insurance Policy.

Ambac

On behalf of Ambac, the undersigned hereby certifies that:

(i) the Insurance Policy is an unconditional and recourse obligation of Ambac (enforceable by or on behalf of the holders of the Obligations) to pay the scheduled payments of interest and principal on the Obligations in the event of a Nonpayment as defined in the Insurance Policy;

(ii) the insurance premium of \$19,121.36 was determined in arm's length negotiations in accordance with our standard procedures, is required to be paid as a condition to the issuance of the Insurance Policy and represents a reasonable charge for the transfer of credit risk;


(iii) no portion of such premium represents a payment for any direct or indirect services other than the transfer of credit risk, including costs of underwriting or remarketing the Obligations or the cost of insurance for casualty of Obligation financed property;

(iv) we are not co-obligors on the Obligations and do not reasonably expect that we will be called upon to make any payment under the Insurance Policy; and

(v) the Obligor is not entitled to a refund of any portion of premium for the Insurance Policy in the event that the Obligations are retired prior to their stated maturity.

IN WITNESS WHEREOF, Ambac Assurance Corporation has caused this certificate to be executed in its name on this 14th day of July, 2005, by one of its officers duly authorized as of such date.

AMBAC ASSURANCE CORPORATION

By 
Stephen M. Ksenak
First Vice President and
Assistant General Counsel

The McGraw-Hill Companies

**STANDARD
& POOR'S**

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vincent_orgo@standardandpoors.com

Sarah Ward Eubanks
Managing Director
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Suite 2800
Chicago, IL 60601
tel 312 233-7001
sarah_eubanks@standardandpoors.com

reference no.: 40163387

July 13, 2005

AMBAC Assurance Corporation
One State Street Plaza 15th FL
New York, NY 10004
Attention: Ms. Vickie Martin, Insurance Coordinator

Re: *\$6,000,000 Thornton Fractional Township High School District Number 215, Cook Cnty, Illinois, General Obligation Bonds (Alternate Revenue Source), Series 2005, dated: July 1, 2005, due: December 1, 2006-2023, Term Bonds due: December 1, 2025, (POLICY #24260BE)*

Dear Ms. Martin:

Standard & Poor's has reviewed the rating on the above-referenced obligations. After such review, we have changed the rating to "AAA" from "A". The rating reflects our assessment of the likelihood of repayment of principal and interest based on the bond insurance policy your company is providing. Therefore, rating adjustments may result from changes in the financial position of your company or from alterations in the documents governing the issue.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

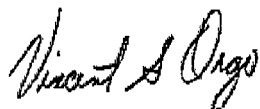
STANDARD
& POOR'S

Ms. Vickie Martin
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Standard & Poor's is pleased to be of service to you. For more information please visit our website at www.standardandpoors.com. If we can be of help in any other way, please contact us. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services
a division of The McGraw-Hill Companies, Inc.



By: Vincent S. Orgo
Administrative Officer

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